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July 20, 2007

Town of Milton
Water Refunding Revenue Bonds, Series 2007 A
(The Ohio Valley Bank Company)

RECEIVED
JUL 21 2007
MBC

Betty Sargent, Mayor
Town of Milton
Post Office Box 98
Milton, West Virginia 25541

Dear Mayor Sargent:

Enclosed is the transcript of closing documents for the above-referenced bonds issue for the Town of Milton. For auditing purposes, the Town should keep the transcript on file until the bonds mature. Upon receipt, should you have any questions, please call me.

It was a pleasure working with you and the Council. We look forward to working with you again.

My best regards.

Very truly yours,



John Stump

JCS/rmc
Enclosures
cc: Distribution (attached)
609970.00003

CH905119.1

TOWN OF MILTON
WATER REFUNDING REVENUE BONDS, SERIES 2007 A
(OHIO VALLEY BANK COMPANY)

TRANSCRIPT DISTRIBUTION LIST

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Town of Milton
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07/11/2007
609970.00003

TOWN OF MILTON

**WATER REFUNDING REVENUE BONDS, SERIES 2007 A
(THE OHIO VALLEY BANK COMPANY)**

DATE OF CLOSING: JUNE 8, 2007

BONDS TRANSCRIPT

STEPTOE & JOHNSON PLLC

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TOWN OF MILTON

**WATER REFUNDING REVENUE BONDS, SERIES 2007 A
(The Ohio Valley Bank Company)**

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TOWN OF MILTON
WATER REFUNDING REVENUE BONDS, SERIES 2007 A
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TOWN OF MILTON

ORDINANCE AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1975, OF THE TOWN OF MILTON THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$575,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2007 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE COUNCIL OF TOWN OF MILTON:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolutions supplemental hereto, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 8, Article 19 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. Town of Milton (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Cabell County of said State.

B. The Issuer now owns and operates a public waterworks system. The refunding of the GMAC Bonds, as hereinafter defined, hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Issuer has heretofore issued its Water Revenue Bonds, Series 1975, dated December 14, 1976, issued in the original aggregate principal amount of \$1,180,000 (the "GMAC Bonds") and currently held by General Motors Acceptance Corporation.

D. It is in the best interest of the Issuer that the GMAC Bonds be currently refunded in order to allow the Issuer to take advantage of the interest savings.

E. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2007 A (the "Series 2007 A Bonds") in the total aggregate principal amount of not more than \$575,000 to pay in full the principal of and interest accrued on the GMAC Bonds, and to pay costs of issuance thereof and related costs.

F. It is in the best interest of the Issuer that the Series 2007 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the commitment letter of the Purchaser.

G. The Issuer has complied with all requirements of West Virginia law relating to authorization of the refunding of the GMAC Bonds, and the issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of the Series 2007 A Bonds.

H. Upon the refunding of the GMAC Bonds, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 26, 1996, issued in the original aggregate principal amount of \$630,000 (the "Series 1996 Bonds"), referred to herein as the "Prior Bonds".

Prior to the issuance of the Series 2007 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests, if any, of the Prior Bonds are met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2007 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and the Prior Ordinance.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2007 A Bonds, all of 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 Chapter 8, Article 19 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

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

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

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

"Bond Registrar" or "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 2007 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder of by another resolution of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for all or a portion of the proceeds thereof representing the purchase price of the Bonds by the Purchaser.

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

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

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

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

"Depreciation Account" means the Depreciation Account established by Prior Ordinance.

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

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

"GMAC Bonds" means the Water Revenue Bonds, Series 1975, dated December 14, 1975, issued in the original aggregate principle amount of \$1,180,000.

"GMAC Ordinance" means the Bond Ordinances authorizing the GMAC Bonds.

"Governing Body" means the Town 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, 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 or any Tap Fees, as hereinafter defined.

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

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants 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 any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Town of Milton, a municipal corporation and political subdivision of the State of West Virginia in Cabell County, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds, plus accrued interest and premium, if any, and 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 2007 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, fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as hereinafter defined), 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 Series 2007 A Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Parity Bonds" means additional Parity Bonds issued under the provisions and within the limitations prescribed by Section 5.04 hereof.

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

"Prior Bonds" means the Series 1996 Bonds.

"Prior Ordinance" means, collectively, the ordinances authorizing the Series 1996 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 2007 A Bonds directly from the Issuer designated as such in the Supplemental Resolution and its successors and assigns.

"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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

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

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Series 1996 Bonds" means the Issuer's Water Revenue Bonds, Series 1996 (United States Department of Agriculture) dated April 26, 1996 and issued in the original aggregate principal amount of \$630,000.

"Series 2007 A Bonds" means the Water Refunding Revenue Bonds, Series 2007 A, authorized hereby to be issued pursuant to this Ordinance.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2007 A Bonds Reserve Requirement" means the reserve amount required on the Series 2007 A Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2007 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds and not so included may be included in another Supplemental Resolution.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and any further additions, extensions and improvements thereto hereafter constructed or acquired 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.

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 REFUNDING

Section 2.01. Authorization of Refunding. All GMAC Bonds Outstanding as of the date of issuance of the Series 2007 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Gross Revenues in favor of the Holders of the GMAC Bonds imposed by the GMAC Ordinance, the monies in the funds and accounts created by the GMAC Ordinance pledged to payment of the GMAC Bonds, and any other funds pledged by the GMAC Ordinance to payment of the GMAC Bonds are hereby ordered terminated, discharged and released upon such payment to the Holders of the GMAC Bonds. Contemporaneously with the payment in full of the GMAC Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the GMAC Bonds, shall be released from the lien created by the GMAC Ordinance. The portion of the proceeds of the Series 2007 A Bonds hereby authorized to be applied towards the refunding of the GMAC Bonds shall be applied as provided in Article III hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purpose of refunding the GMAC Bonds, and paying certain costs of issuance and related costs not otherwise provided for, or any all of such purposes, there is hereby authorized to be issued the Water Refunding Revenue Bonds, Series 2007 A, of the Issuer, in the aggregate principal amount of not more than \$575,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds shall be issued in single form, numbered AR-1, and only as a fully registered Bond. The Series 2007 A Bonds shall be dated such date; shall be in such principal amount, not to exceed \$575,000; shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such dates; shall mature on such dates and in such amounts; and shall be subject to such repayment or redemption, all as the Issuer shall prescribe in a Supplemental Resolution. The Series 2007 A Bonds shall be payable as to principal and interest at the office of the Paying Agent in any coin or currency which, on the dates of payment is legal tender for the payment of public or private debts under the laws of the United States of America.

Section 3.03. Execution of Bonds. The Series 2007 A 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 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed have been actually sold and delivered, the Series 2007 A 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. The Series 2007 A 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 2007 A 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 3.09 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 Series 2007 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 A 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 the Series 2007 A Bonds, shall be conclusively deemed to have agreed that such Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Series 2007 A Bonds.

The registered Series 2007 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2007 A Bonds or transferring the registered Bonds are exercised, the Bonds shall be delivered in accordance with the provisions of this Bond Legislation. Any Series 2007 A Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Series 2007 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 such 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 person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such transfer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Series 2007 A Bonds during the 15 days preceding a scheduled payment date on such Bonds or after notice of any prepayment of such Bonds has been given.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2007 A 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 Series 2007 A Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Series 2007 A Bond

destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. The Series 2007 A Bond so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Series 2007 A 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 2007 A 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 Gross Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2007 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds shall be secured forthwith by a lien on the Gross Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, on a parity with the Prior Bonds. The Gross Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2007 A Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2007 A Bonds as the same become due.

Section 3.09. Form of Bond. The text of the Series 2007 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

TOWN OF MILTON
WATER REFUNDING REVENUE BONDS, SERIES 2007 A

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2007, TOWN OF MILTON, a municipal corporation and political subdivision of the State of West Virginia in Cabell 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 order of

- [_____]-

or registered assigns (the "Payee"), the principal sum of _____ and (\$ _____), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of ____% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days and 30 days in a month.

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 a 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.

C. This Bond shall be payable in ____ installments commencing on the ____ day of ____ and on the ____ day of each month thereafter, to and including _____, _____. The monthly installments shall consist of principal and interest as listed on the attached debt service schedule attached hereto as EXHIBIT A.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on _____, _____, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond is 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 Bond Registrar and Paying Agent.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a ____% prepayment premium.

This Bond is issued to (i) refund the Issuer's Water Revenue Bonds, Series 1975(GMAC), and (ii) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, and any further additions, 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 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Ordinance duly adopted by the Issuer on _____, 2007, and a Supplemental Resolution, duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond is payable only from and secured by a pledge of the Gross Revenues to be derived from the operation of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 26, 1996, issued in the original aggregate principal amount of \$630,000 (the "Series 1996 Bonds") referred to herein as the "Prior Bonds".

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 the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for

the terms of which reference is made to said Bond Legislation. Remedies provided the Payee 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 Bond 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 such registration requirements, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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.

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 Gross Revenues of the System has been pledged to and will be set aside 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.

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 TOWN OF MILTON has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated the day and year first written above.

TOWN OF MILTON

[SEAL]

By: _____
Its: Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

[_____],
as Registrar

By: _____
Its: Authorized Officer

[Form of 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 the said Bond on the books of the Registrar on behalf of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Bonds. The Series 2007 A Bonds shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, the adoption of the Supplemental Resolution; provided, that the Purchaser and the Issuer shall have agreed to the purchase thereof.

Section 3.11. Disposition of Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, the Issuer shall forthwith wire from the proceeds of the Series 2007 A Bonds an amount as specified in supplemental resolution which is equal to the amount necessary to pay in full the entire principal of and interest accrued on the GMAC Bonds directly to GMAC, the Holder thereof.

B. Next, the Purchaser shall pay the costs of issuance of the Series 2007 A Bonds.

Section 3.12. Designation of Bonds "Qualified Tax-Exempt Obligations."
The Issuer hereby designates the Series 2007 A Bonds as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3)(B) of the Code and covenants that the Bond does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code), including the Series 2007 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during calendar year 2007.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by Prior Ordinance);
- (2) Depreciation Account (established in Prior Ordinance); and
- (3) Series 2007 A Bonds Proceeds Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinance) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 2007 A Bonds Reserve Account.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as the Series 2007 A Bonds shall be outstanding and unpaid, or until there shall have been set apart, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2007 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Series 2007 A Bonds as follows:

A. **REVENUE FUND.** The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund established with the Depository Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein 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 herein.

B. **DISPOSITION OF REVENUES.** All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

- (1) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the

Series 2007 A Bonds transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office designated in the Prior Ordinance the amounts required to pay the interest, on the Prior Bonds; and (ii) to the Paying Agent the amount required to pay the interest on the Series 2007 A Bonds.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2007 A Bonds transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office designated in the Prior Ordinance the amounts required to pay the principal, on the Prior Bonds; and (ii) to the Paying Agent the amount required to pay the principal on the Series 2007 A Bonds. All payments with respect to principal of and interest on the Prior Bonds and the Series 2007 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall first, each month, pay from the monies in the Revenue Fund all current Operating Expenses.

(4) The Issuer shall next, (i) on the date specified in the Prior Ordinance, transfer from the Revenue Fund and remit to the Depository Bank the amounts required for deposit into the Reserve Fund for the Prior Bonds; and (ii) remit to the Commission, commencing the month following the Closing Date for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement, until the amount in the Series 2007 A Bonds Reserve Account equals the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 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 2007 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, the amounts required by the Prior Ordinance.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Prior Bonds and the Series 2007 A Bonds, pro rata, or for any lawful purpose.

The Depository Bank and the Commission, as applicable, are hereby designated as the Fiscal Agents for the administration of the Depreciation Account and the Series 2007 A Bonds Reserve Account, and all amounts required for the Depreciation Account and Series 2007 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, as applicable, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2007 A Bonds and the interest thereon.

Any withdrawals from the Series 2007 A Bonds Reserve Account which result in a reduction in the balance of the Series 2007 A Bonds Reserve Account to below the Series 2007 A Bonds Reserve Requirement shall be subsequently restored, on a pro rata basis, from the first Gross Revenues available after all required payments have been made with respect to the principal of and interest on the Prior Bonds and the Series 2007 A Bonds. Monies in the Series 2007 A Bonds Reserve Account shall be used only for, and are hereby pledged for, the purpose of paying principal of and interest on the Series 2007 A Bonds as the same shall come due, when other monies of the Issuer are insufficient therefor, and for no other purpose.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Ordinance, the Depository Bank and the Commission, as applicable, at the direction of the Issuer, shall keep the monies in the Depreciation Account and the Series 2007 A Bonds Reserve Account, as applicable, invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current

market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Depreciation Account and the Series 2007 A Bonds Reserve Account, so long as the respective reserve requirement is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank and the Commission, as applicable.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

E. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

F. REMITTANCES. All remittances made by the Issuer to the Depository Bank and the Commission shall clearly identify the fund or account into which each amount is to be deposited.

G. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Series 2007 A Bonds shall be outstanding and unpaid, or until there shall have been set apart a sum sufficient to prepay the entire principal of the Series 2007 A 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 Issuer and the Bondholder.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Ordinance. The Issuer 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 (i) pay all Operating Expenses and (ii) to leave a balance each Fiscal Year equal to the maximum amount required in any succeeding Fiscal Year for the payment of principal of an interest on the Prior Bonds and to leave a balance each Fiscal Year equal to at least 110% of the average annual debt service on the Prior Bonds and the Series 2007 A Bonds.

Section 5.03. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in th Prior Ordinance. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2007 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds. So long as the Prior Bonds are outstanding, no additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except as set forth in the Prior Ordinance.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 A 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 Prior Bonds or the Bonds issued pursuant hereto or subsequent Parity Bonds, or any combination of such purposes.

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments

hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

- (1) The Bonds 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 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 the certificate of the Independent Certified Public Accountants.

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 Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holder of the Series 2007 A 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 Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bond.

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 Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 5.05. Insurance and Bonds. A. The Issuer 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 Series 2007 A 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 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 Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion.

(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 Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer 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 Series 2007 A Bonds.

(iii) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer 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 Issuer.

(iv) Workers' Compensation Coverage for All Employees of the Town 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 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 Issuer.

(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 Issuer in such amount as may be requested by the Purchaser from time to time.

(vii) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Series 2007 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer with insurance carriers or bonding companies acceptable to Purchaser.

B. All insurance proceeds awarded to the Issuer that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the Issuer to prepayment of the Bond, unless otherwise consented to in writing by the Bondholder.

Section 5.06. 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 Series 2007 A Bonds, on a parity with the Prior Bonds.

Section 5.07. Fiscal Year; Budget. While the Series 2007 A 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 Issuer 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 Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer 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 Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.08. Compensation of Members of Governing Body. The Issuer 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 Gross 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.

Section 5.09. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer 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 Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.10. Maintenance of System. The Issuer 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 Series 2007 A Bonds are outstanding.

Section 5.11. No Competition. To the extent legally allowable, the Issuer 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 Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Water Rate Ordinance of the Issuer dated January 23, 2006.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

D. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

E. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

ARTICLE VII

TAX COVENANTS

Section 7.01. 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 2007 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2007 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2007 A Bonds during the term thereof is, under the terms of the Series 2007 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2007 A 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 2007 A Bonds is for the purpose of financing more than one project, a portion of the project, and shall not exceed the proceeds used for the governmental use of that portion of the project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2007 A Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2007 A 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 2007 A Bonds

and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2007 A 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 which would adversely affect such exclusion.

Section 7.02. 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 2007 A Bonds which would cause the Series 2007 A Bonds to be an "arbitrage bond" 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 2007 A Bonds) so that the interest on the Series 2007 A 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 7.03. 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 2007 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2007 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. 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 in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

Section 7.04. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Notes are private activity bonds; that 95% or more of the Net Proceeds of the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and 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 Notes are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Notes. For purposes of the first paragraph of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of 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

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Series 2007 A Bonds:

1. If default occurs in the due and punctual payment of the principal of or interest on the Series 2007 A Bonds; or

(A) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2007 A Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2007 A 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 Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Series 2007 A Bonds;

(B) 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

(C) If default occurs with respect to the Prior Bonds or the Prior Ordinance.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, the Registered Owner of the Series 2007 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owner including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2007 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owner of the Series 2007 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2007 A Bonds, or the rights of such Registered Owner.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2007 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holder of the Series 2007 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 this Bond Legislation and the pledge of Gross Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2007 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 2007 A Bonds from gross income for federal income tax purposes.

The payment of the Series 2007 A Bonds with 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 principal installments of and interest on the Series 2007 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Series 2007 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 Paying 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 Paying Agent at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on the Series 2007 A Bonds on and prior to the maturity dates thereof. Neither securities nor monies deposited with the Paying Agent 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 the Series 2007 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Paying 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 the Series 2007 A Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying 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 X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. This Bond Legislation may not be amended or modified after final passage without the prior written consent of the Registered Owner; provided, however, that this Bond Legislation may be amended without the consent of the Registered Owner as may be necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income of the Registered Owner for federal income tax purposes.

Section 10.02 Ordinance Constitutes Contract. The provisions of the Ordinance shall constitute a contract between the Issuer and the Holders of the Bonds, 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 10.03. 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 2007 A Bonds.

Section 10.04. Table of Contents and Headings. The table of contents and headings 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 10.05. Conflicting Provisions Repealed. All orders, indentures, 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 10.06. 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, 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 10.07. 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 Herald Dispatch*, a newspaper published and of general circulation in the Town of Milton, 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 Recorder for review by interested parties during the office hours of the Recorder.

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: April 17, 2007

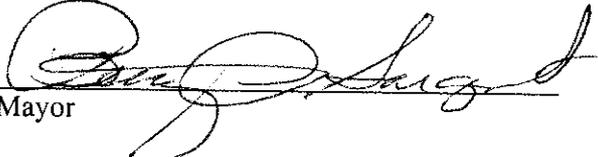
Passed on Second Reading: May 3, 2007

Passed on Final Reading
following Public Hearing: June 5, 2007

Section 10.08. Effective Date. This Ordinance shall take effect immediately upon adoption.

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Adopted this 5th of June, 2007.

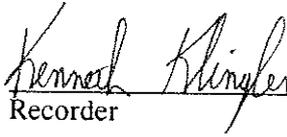

Mayor

CERTIFICATION

Certified a true copy of a Bond Ordinance duly adopted by the Council of the Town of Milton on the 5th day of June, 2007.

Date: June 8, 2007.

[SEAL]


Recorder



TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND OTHER TERMS OF THE WATER REFUNDING REVENUE BONDS, SERIES 2007 A, OF THE TOWN OF MILTON; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE OHIO VALLEY BANK COMPANY; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the Town of Milton (the "Issuer") has duly and officially adopted an ordinance on June 5, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1975 OF THE TOWN OF MILTON THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$575,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2007 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Water Refunding Revenue Bonds, Series 2007 A, of the Issuer (the "Bonds" or the "Series 2007 A Bonds"), in an aggregate principal amount of not more than \$565,000, all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance, it is provided that the date, the maturity date, interest rate and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by The Ohio Valley Bank Company, Gallipolis, Ohio (the "Purchaser"), pursuant to the terms of the commitment letter dated April 25, 2007, a copy of which is attached hereto and made a part hereof (the "Commitment Letter"); and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the date, the maturity date, the interest rate and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF TOWN OF MILTON:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued the Water Refunding Revenue Bonds, Series 2007 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$529,300. The Series 2007 A Bonds shall be dated June 8, 2007, shall mature on December 1, 2016 and shall bear interest as follows:

A. Interest on the Bonds shall be payable at a rate of 4.45% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and 30 days in a month.

B. Notwithstanding any other provision herein, in the event the interest on the Bonds is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on the Bonds shall be payable at a rate of 6.44% 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 the Bonds 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 the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have been paid in full prior to the Determination of Taxability. Any interest being past due on the Bonds by reason of such increase shall become immediately due and payable.

C. The Bond shall be payable in 114 monthly installments, commencing July 1, 2007, and continuing on the first day of each month thereafter to and including December 1, 2016. The monthly installments shall consist of principal and interest and shall be as listed on the debt service schedule attached hereto as Exhibit A.

D. All payments received by the Paying Agent on account of this Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of this Bond. If not sooner paid, the entire principal amount of this Bond unpaid on December 1, 2016, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

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

Section 3. The Issuer does hereby approve the terms of the Commitment Letter dated April 25, 2007.

Section 4. The Bonds shall be sold to The Ohio Valley Bank, Company, Gallipolis, Ohio, and shall be registered in the name of such bank. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 5. The Issuer does hereby appoint and designate The Ohio Valley Bank Company, Gallipolis, Ohio, the Registrar and the Paying Agent for the Bonds.

Section 6. Series 2007 A Bonds Proceeds in the amount of \$523,819.25 shall be deposited with Capmark Finance, Inc. To pay the entire outstanding balance of and all accrued interest on the Issuer's Water Revenue Bonds, Series 1975 (the "GMAC Bonds") at Closing.

Section 7. The GMAC Bonds were secured by a reserve account pledged for the payment of and principal on the GMAC Bonds, which account is held at the Depository Bank. Upon receipt of the Receipt and Release from Capmark Finance, Inc, the Issuer does hereby authorize \$68,422 be deposited at the Commission to be deposited in the Series 2007 A Bonds Reserve Account.

Section 8. The payment of the GMAC Bonds with the proceeds of the Series 2007 A Bonds is in the public interest, serves a public purpose of the Issuer and will promote health, welfare and safety of the residents of the Issuer.

Section 9. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Section 10. The Mayor and Recorder are hereby authorized and directed to execute and deliver the Bonds and such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Purchaser on or about June 8, 2007.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

EXHIBIT A

Debt Service Schedule

**Town of Milton - Water Refunding Revenue Bonds
Series 2007A
Monthly Principal and Interest Payments**

Date	Interest	Principal	Loan Balance After Payment	Payment
6/8/2007			529,300.00	
7/1/2007	1,504.83	\$3,740.22	525,559.78	\$5,245.05
8/1/2007	1,948.95	\$3,752.85	521,806.93	\$5,701.80
9/1/2007	1,935.03	\$3,766.77	518,040.16	5,701.80
10/1/2007	1,921.07	\$3,780.73	514,259.43	5,701.80
11/1/2007	1,907.05	\$3,794.75	510,464.68	5,701.80
12/1/2007	1,892.97	\$3,808.83	506,655.85	5,701.80
1/1/2008	1,878.85	\$3,822.95	502,832.90	5,701.80
2/1/2008	1,864.67	\$3,837.13	498,995.77	5,701.80
3/1/2008	1,850.44	\$3,851.36	495,144.41	5,701.80
4/1/2008	1,836.16	\$3,865.64	491,278.77	5,701.80
5/1/2008	1,821.83	\$3,879.97	487,398.80	5,701.80
6/1/2008	1,807.44	\$3,894.36	483,504.44	5,701.80
7/1/2008	1,793.00	\$3,908.80	479,595.64	5,701.80
8/1/2008	1,778.50	\$3,923.30	475,672.34	5,701.80
9/1/2008	1,763.95	\$3,937.85	471,734.49	5,701.80
10/1/2008	1,749.35	\$3,952.45	467,782.04	5,701.80
11/1/2008	1,734.69	\$3,967.11	463,814.93	5,701.80
12/1/2008	1,719.98	\$3,981.82	459,833.11	5,701.80
1/1/2009	1,705.21	\$3,996.59	455,836.52	5,701.80
2/1/2009	1,690.39	\$4,011.41	451,825.11	5,701.80
3/1/2009	1,675.52	\$4,026.28	447,798.83	5,701.80
4/1/2009	1,660.59	\$4,041.21	443,757.62	5,701.80
5/1/2009	1,645.60	\$4,056.20	439,701.42	5,701.80
6/1/2009	1,630.56	\$4,071.24	435,630.18	5,701.80
7/1/2009	1,615.46	\$4,086.34	431,543.84	5,701.80
8/1/2009	1,600.31	\$4,101.49	427,442.35	5,701.80
9/1/2009	1,585.10	\$4,116.70	423,325.65	5,701.80
10/1/2009	1,569.83	\$4,131.97	419,193.68	5,701.80
11/1/2009	1,554.51	\$4,147.29	415,046.39	5,701.80
12/1/2009	1,539.13	\$4,162.67	410,883.72	5,701.80
1/1/2010	1,523.69	\$4,178.11	406,705.61	5,701.80
2/1/2010	1,508.20	\$4,193.60	402,512.01	5,701.80
3/1/2010	1,492.65	\$4,209.15	398,302.86	5,701.80
4/1/2010	1,477.04	\$4,224.76	394,078.10	5,701.80
5/1/2010	1,461.37	\$4,240.43	389,837.67	5,701.80
6/1/2010	1,445.65	\$4,256.15	385,581.52	5,701.80
7/1/2010	1,429.86	\$4,271.94	381,309.58	5,701.80
8/1/2010	1,414.02	\$4,287.78	377,021.80	5,701.80
9/1/2010	1,398.12	\$4,303.68	372,718.12	5,701.80
10/1/2010	1,382.16	\$4,319.64	368,398.48	5,701.80
11/1/2010	1,366.14	\$4,335.66	364,062.82	5,701.80
12/1/2010	1,350.07	\$4,351.73	359,711.09	5,701.80
1/1/2011	1,333.93	\$4,367.87	355,343.22	5,701.80

2/1/2011	1,317.73	\$4,384.07	350,959.15	5,701.80
3/1/2011	1,301.47	\$4,400.33	346,558.82	5,701.80
4/1/2011	1,285.16	\$4,416.64	342,142.18	5,701.80
5/1/2011	1,268.78	\$4,433.02	337,709.16	5,701.80
6/1/2011	1,252.34	\$4,449.46	333,259.70	5,701.80
7/1/2011	1,235.84	\$4,465.96	328,793.74	5,701.80
8/1/2011	1,219.28	\$4,482.52	324,311.22	5,701.80
9/1/2011	1,202.65	\$4,499.15	319,812.07	5,701.80
10/1/2011	1,186.97	\$4,515.83	315,296.24	5,701.80
11/1/2011	1,169.22	\$4,532.58	310,763.66	5,701.80
12/1/2011	1,152.42	\$4,549.38	306,214.28	5,701.80
1/1/2012	1,135.54	\$4,566.26	301,648.02	5,701.80
2/1/2012	1,118.61	\$4,583.19	297,064.83	5,701.80
3/1/2012	1,101.62	\$4,600.18	292,464.65	5,701.80
4/1/2012	1,084.56	\$4,617.24	287,847.41	5,701.80
5/1/2012	1,067.43	\$4,634.37	283,213.04	5,701.80
6/1/2012	1,050.25	\$4,651.55	278,561.49	5,701.80
7/1/2012	1,033.00	\$4,668.80	273,892.69	5,701.80
8/1/2012	1,015.89	\$4,686.11	269,206.58	5,701.80
9/1/2012	998.31	\$4,703.49	264,503.09	5,701.80
10/1/2012	980.87	\$4,720.93	259,782.16	5,701.80
11/1/2012	963.36	\$4,738.44	255,043.72	5,701.80
12/1/2012	945.79	\$4,756.01	250,287.71	5,701.80
1/1/2013	928.15	\$4,773.65	245,514.06	5,701.80
2/1/2013	910.45	\$4,791.35	240,722.71	5,701.80
3/1/2013	892.68	\$4,809.12	235,913.59	5,701.80
4/1/2013	874.85	\$4,826.95	231,086.64	5,701.80
5/1/2013	856.95	\$4,844.85	226,241.79	5,701.80
6/1/2013	838.98	\$4,862.82	221,378.97	5,701.80
7/1/2013	820.95	\$4,880.85	216,498.12	5,701.80
8/1/2013	802.85	\$4,898.95	211,599.17	5,701.80
9/1/2013	784.68	\$4,917.12	206,682.05	5,701.80
10/1/2013	766.45	\$4,935.35	201,746.70	5,701.80
11/1/2013	748.14	\$4,953.66	196,793.04	5,701.80
12/1/2013	729.77	\$4,972.03	191,821.01	5,701.80
1/1/2014	711.34	\$4,990.46	186,830.55	5,701.80
2/1/2014	692.83	\$5,008.97	181,821.58	5,701.80
3/1/2014	674.26	\$5,027.54	176,794.04	5,701.80
4/1/2014	655.61	\$5,046.19	171,747.85	5,701.80
5/1/2014	636.90	\$5,064.90	166,682.95	5,701.80
6/1/2014	618.12	\$5,083.68	161,599.27	5,701.80
7/1/2014	599.26	\$5,102.54	156,496.73	5,701.80
8/1/2014	580.34	\$5,121.46	151,375.27	5,701.80
9/1/2014	561.35	\$5,140.45	146,234.82	5,701.80
10/1/2014	542.29	\$5,159.51	141,075.31	5,701.80
11/1/2014	523.15	\$5,178.65	135,896.66	5,701.80
12/1/2014	503.95	\$5,197.85	130,698.81	5,701.80
1/1/2015	484.67	\$5,217.13	125,481.68	5,701.80
2/1/2015	465.33	\$5,236.47	120,245.21	5,701.80
3/1/2015	445.91	\$5,255.89	114,989.32	5,701.80
4/1/2015	426.42	\$5,275.38	109,713.94	5,701.80
5/1/2015	406.86	\$5,294.94	104,419.00	5,701.80

6/1/2015	387.22	\$5,314.58	99,104.42	5,701.80
7/1/2015	367.51	\$5,334.29	93,770.13	5,701.80
8/1/2015	347.73	\$5,354.07	88,416.06	5,701.80
9/1/2015	327.88	\$5,373.92	83,042.14	5,701.80
10/1/2015	307.95	\$5,393.85	77,648.29	5,701.80
11/1/2015	287.95	\$5,413.85	72,234.44	5,701.80
12/1/2015	267.87	\$5,433.93	66,800.51	5,701.80
1/1/2016	247.72	\$5,454.08	61,346.43	5,701.80
2/1/2016	227.49	\$5,474.31	55,872.12	5,701.80
3/1/2016	207.19	\$5,494.61	50,377.51	5,701.80
4/1/2016	186.82	\$5,514.98	44,862.53	5,701.80
5/1/2016	166.37	\$5,535.43	39,327.10	5,701.80
6/1/2016	145.84	\$5,555.98	33,771.14	5,701.80
7/1/2016	125.23	\$5,576.57	28,194.57	5,701.80
8/1/2016	104.55	\$5,597.25	22,597.32	5,701.80
9/1/2016	83.80	\$5,618.00	16,979.32	5,701.80
10/1/2016	62.96	\$5,638.84	11,340.48	5,701.80
11/1/2016	42.05	\$5,659.75	5,680.73	5,701.80
12/1/2016	21.07	\$5,680.73	(0.00)	5,701.80

4.45%

Adopted this 5th day of June, 2007.

TOWN OF MILTON

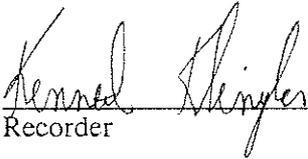
By: 
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of TOWN OF MILTON on the 5th day of June, 2007.

Date: June 8, 2007

[SEAL]


Recorder

609970.00003

TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On this 8th day of June, 2007, the undersigned authorized representative of The Ohio Valley Bank Company, Gallipolis, Ohio (the "Purchaser"), and the undersigned Mayor of the Town of Milton (the "Issuer"), hereby certify as follows:

1. On June 8, 2007, at Milton, West Virginia, the Purchaser received The Town of Milton Water Refunding Revenue Bonds, Series 2007 A, No. AR-1 (the "Bonds"), issued as a single Bond in the principal amount of \$529,300, dated June 8, 2007. The Bonds represent the entire above-captioned Bond issue.

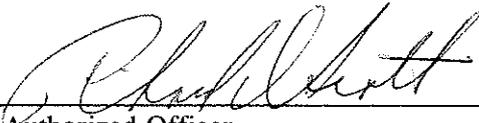
2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Issuer.

3. The Issuer has received and hereby acknowledges receipt from the Purchaser of the sum of \$529,300, being the entire principal amount of the Bonds, there being no interest accrued thereon, of which \$523,819.25 was directly wired to Capmark Finance, Inc. to pay the entire principal amount of and interest accrued on the Issuer's Water Revenue Bonds, Series 1975 and a check for \$5480.75 was received by the Issuer to pay the costs of issuance and related costs.

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above. WITNESS our respective signatures dated as of the day and year first written

THE OHIO VALLEY BANK COMPANY

By: 
Its: Authorized Officer

TOWN OF MILTON

By: 
Its: Mayor

609970.00003

TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Ohio Valley Bank Company,
as Registrar
Gallipolis, Ohio

Ladies and Gentlemen:

There are delivered to you herewith on this 8th day of June 2007:

1. Bond No. AR-1, constituting the entire original issue of the Town of Milton Water Refunding Revenue Bonds, Series 2007 A, dated June 8, 2007, in the principal amount of \$529,300 (the "Bonds"), executed by the Mayor and the Recorder of The Town of Milton (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Bonds Ordinance enacted by the Issuer on June 5, 2007, and a Supplemental Resolution adopted by the Issuer on June 5, 2007 (collectively, the "Bond Legislation").

2. A copy of the Bond Legislation duly certified by the Recorder.

3. A signed, unqualified approving opinion of nationally recognized bond counsel designated by the Issuer and acceptable to the Purchaser.

4. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

You are hereby requested and authorized to authenticate, register and deliver the Bonds to The Ohio Valley Bank Company, Gallipolis, Ohio, as the Purchaser thereof.

[Remainder of Page Intentionally Blank]

Dated this as of the day and year first written above..

TOWN OF MILTON

By: 
Its: Mayor

609970.00003

SPECIMEN

TOWN OF MILTON WATER REFUNDING REVENUE BONDS, SERIES 2007 A

No. AR-1

\$529,300.00

KNOW ALL MEN BY THESE PRESENTS: That on this the 8th day of June, 2007, TOWN OF MILTON, a municipal corporation and political subdivision of the State of West Virginia in Cabell 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 order of

THE OHIO VALLEY BANK COMPANY

or registered assigns (the "Payee"), the principal sum of FIVE HUNDRED TWENTY-NINE THOUSAND AND THREE HUNDRED DOLLARS (\$529,300), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of 4.45% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days and 30 days in a month.

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 a rate of 6.44% 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.

C. This Bond shall be payable in 114 installments commencing on the 1st day of July, 2007 and continuing on the first day of each month thereafter, to and including December 1, 2016. The monthly installments shall consist of principal and interest as listed on the debt service schedule attached hereto as EXHIBIT A.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on December 1, 2016, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond is 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 The Ohio Valley Bank Company, Gallipolis, Ohio, as Bond Registrar and Paying Agent.

This Bond may be prepaid at any time without penalty.

This Bond is issued to (i) refund the Issuer's Water Revenue Bonds, Series 1975(GMAC), and (ii) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, and any further additions, 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 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Ordinance duly adopted by the Issuer on June 5, 2007, and a Supplemental Resolution, duly adopted by the Issuer on June 5, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond is payable only from and secured by a pledge of the Gross Revenues to be derived from the operation of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 26, 1996, issued in the original aggregate principal amount of \$630,000 (the "Series 1996 Bonds") referred to herein as the "Prior Bonds".

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 the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for the terms of which reference is made to said Bond Legislation. Remedies provided the Payee 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 Bond 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 such registration requirements, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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.

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 Gross Revenues of the System has been pledged to and will be set aside 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.

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.

[Remainder of Page Intentionally Blank]

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

TOWN OF MILTON

[SEAL]

By: _____
Its: Mayor



SPECIMEN

ATTEST:

Kenneth Klingler
Recorder

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: June 8, 2007

THE OHIO VALLEY BANK COMPANY,
as Registrar

By:


Its: Authorized Officer

SPECIMEN

[Form of 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 the said Bond on the books of the Registrar on behalf of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

EXHIBIT A

**Town of Milton - Water Refunding Revenue Bonds
Series 2007A
Monthly Principal and Interest Payments**

Date	Interest	Principal	Loan Balance After Payment	Payment
6/8/2007			529,300.00	
7/1/2007	1,504.83	\$3,740.22	525,559.78	\$5,245.05
8/1/2007	1,948.95	\$3,752.85	521,806.93	\$5,701.80
9/1/2007	1,935.03	\$3,766.77	518,040.16	5,701.80
10/1/2007	1,921.07	\$3,780.73	514,259.43	5,701.80
11/1/2007	1,907.05	\$3,794.75	510,464.68	5,701.80
12/1/2007	1,892.97	\$3,808.83	506,655.85	5,701.80
1/1/2008	1,878.85	\$3,822.95	502,832.90	5,701.80
2/1/2008	1,864.67	\$3,837.13	498,995.77	5,701.80
3/1/2008	1,850.44	\$3,851.36	495,144.41	5,701.80
4/1/2008	1,836.16	\$3,865.64	491,278.77	5,701.80
5/1/2008	1,821.83	\$3,879.97	487,398.80	5,701.80
6/1/2008	1,807.44	\$3,894.36	483,504.44	5,701.80
7/1/2008	1,793.00	\$3,908.80	479,595.64	5,701.80
8/1/2008	1,778.50	\$3,923.30	475,672.34	5,701.80
9/1/2008	1,763.95	\$3,937.85	471,734.49	5,701.80
10/1/2008	1,749.35	\$3,952.45	467,782.04	5,701.80
11/1/2008	1,734.69	\$3,967.11	463,814.93	5,701.80
12/1/2008	1,719.98	\$3,981.82	459,833.11	5,701.80
1/1/2009	1,705.21	\$3,996.59	455,836.52	5,701.80
2/1/2009	1,690.39	\$4,011.41	451,825.11	5,701.80
3/1/2009	1,675.52	\$4,026.28	447,798.83	5,701.80
4/1/2009	1,660.59	\$4,041.21	443,757.62	5,701.80
5/1/2009	1,645.60	\$4,056.20	439,701.42	5,701.80
6/1/2009	1,630.58	\$4,071.24	435,630.18	5,701.80
7/1/2009	1,615.46	\$4,086.34	431,543.84	5,701.80
8/1/2009	1,600.31	\$4,101.49	427,442.35	5,701.80
9/1/2009	1,585.10	\$4,116.70	423,325.65	5,701.80
10/1/2009	1,569.83	\$4,131.97	419,193.68	5,701.80
11/1/2009	1,554.51	\$4,147.29	415,046.39	5,701.80
12/1/2009	1,539.13	\$4,162.67	410,883.72	5,701.80
1/1/2010	1,523.69	\$4,178.11	406,705.61	5,701.80
2/1/2010	1,508.20	\$4,193.60	402,512.01	5,701.80
3/1/2010	1,492.65	\$4,209.15	398,302.86	5,701.80
4/1/2010	1,477.04	\$4,224.76	394,078.10	5,701.80
5/1/2010	1,461.37	\$4,240.43	389,837.67	5,701.80
6/1/2010	1,445.65	\$4,256.15	385,581.52	5,701.80
7/1/2010	1,429.86	\$4,271.94	381,309.58	5,701.80
8/1/2010	1,414.02	\$4,287.78	377,021.80	5,701.80
9/1/2010	1,398.12	\$4,303.68	372,718.12	5,701.80
10/1/2010	1,382.16	\$4,319.64	368,398.48	5,701.80
11/1/2010	1,366.14	\$4,335.66	364,062.82	5,701.80
12/1/2010	1,350.07	\$4,351.73	359,711.09	5,701.80
1/1/2011	1,333.93	\$4,367.87	355,343.22	5,701.80

2/1/2011	1,317.73	\$4,384.07	350,959.15	5,701.80
3/1/2011	1,301.47	\$4,400.33	346,558.82	5,701.80
4/1/2011	1,285.16	\$4,416.64	342,142.18	5,701.80
5/1/2011	1,268.78	\$4,433.02	337,709.16	5,701.80
6/1/2011	1,252.34	\$4,449.46	333,259.70	5,701.80
7/1/2011	1,235.84	\$4,465.96	328,789.74	5,701.80
8/1/2011	1,219.28	\$4,482.52	324,311.22	5,701.80
9/1/2011	1,202.65	\$4,499.15	319,812.07	5,701.80
10/1/2011	1,185.97	\$4,515.83	315,296.24	5,701.80
11/1/2011	1,169.22	\$4,532.58	310,763.86	5,701.80
12/1/2011	1,152.42	\$4,549.38	306,214.28	5,701.80
1/1/2012	1,135.54	\$4,566.26	301,648.02	5,701.80
2/1/2012	1,118.61	\$4,583.19	297,064.83	5,701.80
3/1/2012	1,101.62	\$4,600.18	292,464.65	5,701.80
4/1/2012	1,084.58	\$4,617.24	287,847.41	5,701.80
5/1/2012	1,067.43	\$4,634.37	283,213.04	5,701.80
6/1/2012	1,050.25	\$4,651.55	278,561.49	5,701.80
7/1/2012	1,033.00	\$4,668.80	273,892.89	5,701.80
8/1/2012	1,015.89	\$4,686.11	269,206.58	5,701.80
9/1/2012	998.31	\$4,703.49	264,503.09	5,701.80
10/1/2012	980.87	\$4,720.93	259,782.18	5,701.80
11/1/2012	963.36	\$4,738.44	255,043.72	5,701.80
12/1/2012	945.79	\$4,756.01	250,287.71	5,701.80
1/1/2013	928.15	\$4,773.65	245,514.06	5,701.80
2/1/2013	910.45	\$4,791.35	240,722.71	5,701.80
3/1/2013	892.68	\$4,809.12	235,913.59	5,701.80
4/1/2013	874.85	\$4,826.95	231,086.84	5,701.80
5/1/2013	856.95	\$4,844.85	226,241.79	5,701.80
6/1/2013	838.98	\$4,862.82	221,378.97	5,701.80
7/1/2013	820.95	\$4,880.85	216,498.12	5,701.80
8/1/2013	802.85	\$4,898.95	211,599.17	5,701.80
9/1/2013	784.88	\$4,917.12	206,682.05	5,701.80
10/1/2013	766.45	\$4,935.35	201,746.70	5,701.80
11/1/2013	748.14	\$4,953.66	196,793.04	5,701.80
12/1/2013	729.77	\$4,972.03	191,821.01	5,701.80
1/1/2014	711.34	\$4,990.46	186,830.55	5,701.80
2/1/2014	692.83	\$5,008.97	181,821.58	5,701.80
3/1/2014	674.26	\$5,027.54	176,794.04	5,701.80
4/1/2014	655.61	\$5,046.19	171,747.85	5,701.80
5/1/2014	636.90	\$5,064.90	166,682.95	5,701.80
6/1/2014	618.12	\$5,083.68	161,599.27	5,701.80
7/1/2014	599.26	\$5,102.54	156,496.73	5,701.80
8/1/2014	580.34	\$5,121.46	151,375.27	5,701.80
9/1/2014	561.35	\$5,140.45	146,234.82	5,701.80
10/1/2014	542.29	\$5,159.51	141,075.31	5,701.80
11/1/2014	523.15	\$5,178.65	135,896.86	5,701.80
12/1/2014	503.95	\$5,197.85	130,698.81	5,701.80
1/1/2015	484.67	\$5,217.13	125,481.68	5,701.80
2/1/2015	465.33	\$5,236.47	120,245.21	5,701.80
3/1/2015	445.91	\$5,255.89	114,989.32	5,701.80
4/1/2015	426.42	\$5,275.38	109,713.94	5,701.80
5/1/2015	406.86	\$5,294.94	104,418.00	5,701.80

6/1/2015	387.22	\$5,314.58	99,104.42	5,701.80
7/1/2015	367.51	\$5,334.29	93,770.13	5,701.80
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12/1/2015	267.87	\$5,433.93	66,800.51	5,701.80
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10/1/2016	62.96	\$5,638.84	11,340.48	5,701.80
11/1/2016	42.05	\$5,659.75	5,680.73	5,701.80
12/1/2016	21.07	\$5,680.73	(0.00)	5,701.80

4.45%

June 8, 2007

Town of Milton
Water Refunding Revenue Bonds, Series 2007 A

Town of Milton
Milton, West Virginia

The Ohio Valley Bank Company
Gallipolis, Ohio

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Milton (the "Issuer") of its \$529,300 Water Refunding Revenue Bonds, Series 2007 A (the "Bonds"), dated the date hereof.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 5, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 5, 2007 (collectively, the "Bond Legislation"), and are subject to all the terms and conditions of the Bond Legislation. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation when used herein.

The Bonds are originally issued in the form of one bond, numbered AR-1, in fully registered form and bear interest on the principal amount thereof at the rate of 4.45% per annum, payable in monthly installments of principal and interest as set forth therein.

The Bonds are subject to prepayment of principal and interest to the date of prepayment, in whole or in part, at any time, without penalty.

The Bonds are issued for the purposes of (i) permanently refinancing the outstanding principal of, interest on, and premium, if any, for the Issuer's Water Revenue Bonds, Series 1975 (the "GMAC Bonds"); and (ii) paying the costs of issuance of the Bonds and related costs.

The Bonds have been sold to The Ohio Valley Bank Company, Gallipolis, Ohio (the "Purchaser"), pursuant to a commitment letter dated April 25, 2007.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of certain public officials furnished to us without undertaking to verify the same by independent investigation.

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

Based upon the foregoing, and assuming compliance with the covenants of the Issuer set forth in the Bond Legislation and in certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Bond Legislation and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Bond Legislation has been duly adopted and enacted by the Issuer, is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special obligations of the Issuer, payable only from and secured by a lien on the Gross Revenues of the System, on a parity with the Issuer's outstanding Prior Bonds (as defined in the Bond Legislation), with respect to liens, pledge and source of and security for payment.

4. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation, and in certain certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the

interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds except as expressly set forth in paragraphs 6 and 7.

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

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2007. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

7. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 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 the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2007, the calendar year in which the Bonds are issued, is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph 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 paragraph 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. Therefore, the Issuer qualifies for the small governmental issuer exception to rebate.

8. The Issuer's Water Revenue Bond, Series 1975, dated December 14, 1976 issued in the aggregate principal amount of \$1,180,000 (the "GMAC Bonds") has been paid within the meaning and with the effect expressed in the ordinance authorizing the issuance of the GMAC Bonds, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the GMAC Bonds has been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the Receipt and Release of Capmark Finance, Inc. to the sufficiency of the monies on deposit to provide for the payment of the principal of, interest on, and premium, if any, of the GMAC Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds and the Bond Legislation may be subject to and limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Town of Milton, et al.
Page 4

We have examined the executed and authenticated Bond No. AR-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,


STEPHENS & JOHNSON PLLC

609970.00003

CH858138.2



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 / C.L.A.

June 8, 2007

Town of Milton
Water Refunding Revenue Bonds, Series 2007 A

Town of Milton
Milton, West Virginia

The Ohio Valley Bank Comoany
Gallipolis, Ohio

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Milton, in Cabell County, West Virginia (the "Issuer"), in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). As such counsel, I have reviewed copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, the commitment letter dated April 25, 2007, from The Ohio Valley Bank Company, Gallipolis, Ohio (the "Purchaser"), the Bonds Ordinance of the Issuer duly enacted June 5, 2007, as supplemented by the Supplemental Resolution of the Issuer duly adopted June 5, 2007 (collectively, the "Ordinance"), and other documents relating to the Bonds. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance 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.
2. The Mayor and Recorder, members of the Council of the Issuer and members of the Municipal Utility Commission have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

3. The Ordinance has been duly adopted and enacted by the Issuer, is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer enforceable in accordance with its terms.

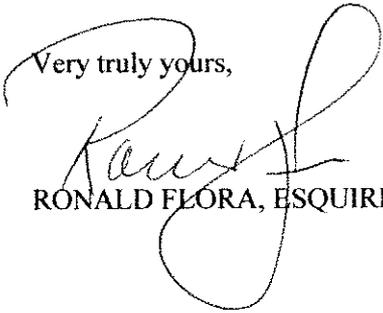
4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under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

5. It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds and the Ordinance are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations required by law for the operation of the System.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and the Ordinance, the operation of the System, the validity of the Bonds or pledge of the funds set forth in the Ordinance.

Very truly yours,



RONALD FLORA, ESQUIRE

TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

GENERAL CERTIFICATE OF THE TOWN OF MILTON ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLICATION OF NOTICES
5. SALE, DELIVERY AND PAYMENT OF BONDS; SIGNATURES
6. CERTIFICATION OF DOCUMENTS
7. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
8. MEETINGS, ETC.
9. INCUMBENCY AND OFFICIAL NAME
10. DESIGNATION OF REGISTRAR, DEPOSITORY BANK AND PAYING AGENT
11. SPECIMEN BOND
12. CONFLICT OF INTEREST
13. RATES

We, the undersigned MAYOR and RECORDER of the Town of Milton (the "Issuer"), hereby certify in connection with the Town of Milton Water Refunding Revenue Bonds, Series 2007 A (the "Bonds"), dated the date hereof, as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings set forth in the Bonds Ordinance of the Issuer duly enacted on June 5, 2007, as supplemented by a Supplemental Resolution duly adopted on June 5, 2007 (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 and delivery of the Bonds, nor in any way questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds nor in any manner affecting the validity or enforceability of the Bonds or the Bond Legislation; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, Recorder, members of the Council of the Issuer or members of the Municipal Utility Commission to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the Bonds.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, licenses, orders, exemptions, consents, authorizations, registrations and certificates required by law for the issuance of the Bonds and the operation of the System have been duly and timely obtained and remain in full force and effect.

4. PUBLICATION OF NOTICES: Notices of public hearing upon the Bond Ordinance were duly published as required by law. There was no protest to the passage of the Ordinance, and the Ordinance became fully effective on June 5, 2007, and remains in full force and effect.

5. SALE, DELIVERY AND PAYMENT OF BONDS; SIGNATURES: On the date hereof, the Bonds were sold and delivered to The Ohio Valley Bank Company, Gallipolis, Ohio (the "Purchaser"), pursuant to a commitment letter dated April 25, 2007, at the price of \$529,300 (100% of par value), there being no interest accrued thereon. On the date hereof, the Bonds were duly signed by the manual signature of the Mayor, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed or imprinted thereon and attested by the manual signature of the Recorder, and the Registrar did officially authenticate, register and deliver the Bonds to the Purchaser. At the time of delivery of the Bonds, the Issuer received \$529,300 from the Purchaser being the principal amount of the Bonds, of which \$523,819.25 was directly wired to Capmark Finance, Inc. to pay the entire principal amount of and interest accrued on the Issuer's Water Revenue Bonds, Series 1975 and \$5480.75 was wired to the Depository Bank to pay the costs of issuance and related costs.

6. CERTIFICATION OF DOCUMENTS: There are delivered herewith true and correct copies of the following documents, all which remain in full force and effect and have not been amended, modified, supplemented or repealed unless changed by the terms of other documents listed below:

Bond Ordinance

Supplemental Resolution

Charter

Rules of Procedure

Oaths of Office of Officers and Councilmembers

Affidavit of Publication of Abstract of Bonds Ordinance and Notice of Public Hearing

Minutes on Adoption of Bond Ordinance and Supplemental Resolution

USDA Parity Consent

Water Rate Ordinance

Bank Commitment Letter

Bank Investment Letter

7. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the Purchaser offered to purchase the Bonds. The Bonds shall be payable only from and secured by a lien on the Gross Revenues of the System (as defined in the Bond Legislation), on a parity with the Issuer's Prior Bonds (as hereinafter defined). The Issuer has the following outstanding bonds which are secured by the revenues of the System: Water Revenue Bonds, Series 1996 (United States Department of Agriculture) dated April 26, 1996, issued in the original aggregate principal amount of \$630,000 (the "Prior Bonds"). The Series 2007 A Bonds shall be payable with respect to liens, pledge and source of and security for payment from the Gross Revenues of the System on a parity with the Prior Bonds.

The Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinance.

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 Bonds were authorized or adopted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the Town Charter and Town Council Rules and Regulations and all applicable statutes, including Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Town of Milton" and it is a municipal corporation of the State of West Virginia, in Milton County of said state. The governing body of the Issuer is its Council consisting of a Mayor and five councilmembers. The names and dates of commencement and termination of current terms of office of the Mayor and councilmembers are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Betty P. Sargent	- Mayor	July 1, 2005	June 30, 2007
Ken Klingler	- Recorder	July 1, 2005	June 30, 2007
John Bledsoe	- Council Member	July 1, 2005	June 30, 2007
Bonnie Lewis	- Council Member	July 1, 2005	June 30, 2007
Gary Holbert	- Council Member	July 1, 2005	June 30, 2007
Bob Legg	- Council Member	July 1, 2005	June 30, 2007
Kelly Mullins	- Council Member	July 1, 2005	June 30, 2007

The duly appointed and acting Counsel to the Issuer is Ronald Flora, Esquire, of Milton, West Virginia.

10. **DESIGNATION OF REGISTRAR, DEPOSITORY BANK AND PAYING AGENT:** The Issuer hereby confirms the appointment of The Ohio Valley Bank Company, Gallipolis, Ohio, as Registrar and Paying Agent.

11. SPECIMEN Bond: Delivered concurrently herewith is a true and accurate specimen of the Bond.

12. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds and/or the Bond Legislation, 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.

13. RATES: The Issuer has, on January 23, 2006, enacted a water rate ordinance, the time for appeal of which has expired without successful appeal, setting forth rates and charges which will be sufficient to provide revenues which will pay all repair, operation and maintenance expenses of the System, all debt service payments on the Prior Bonds and the Bonds and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Prior Bonds and the Bonds.

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WITNESS our signatures and the official corporate seal of the TOWN OF MILTON on this 8th day of June, 2007.

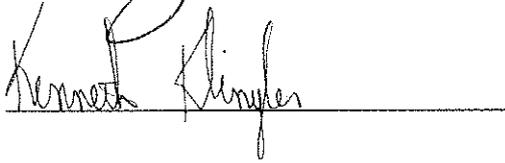
[CORPORATE SEAL]

Signature

Official Title



Mayor



Recorder

609970.00003



Griffith & Associates

Accountants & Consultants

June 8, 2007

Town of Milton
Water Refunding Revenue Bonds, Series 2007 A

Town of Milton
Milton, West Virginia

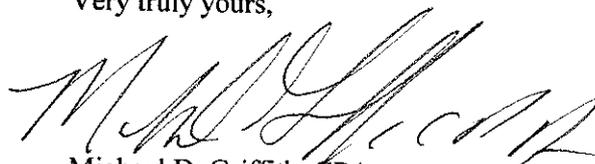
United States Department of Agriculture,
Rural Utilities Service
Parkersburg, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinance of the Town of Milton (the "Issuer"), enacted January 17, 2006, attached hereto and incorporated herein as Exhibit A, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the Waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Refunding Revenue Bonds, Series 2007 A (the "Bonds"), and all other obligations secured by or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's Water Revenue Bond, Series 1996 (the "Prior Bonds").

It is further my opinion that based upon the rates and charges set forth in Exhibit A hereto, (i) the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 120% of the average annual debt service requirements on the Bonds and the Prior Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,



Michael D. Griffith, CPA

MDG/dk

Michael D. Griffith, CPA
michaelgriffithcpa@verizon.net

950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

CERTIFICATE AS TO ARBITRAGE

On this 8th day of June, 2007, the undersigned Mayor of the Town of Milton, West Virginia (the "Issuer"), being the official of the Issuer charged with the responsibility for issuing the above-referenced bonds (the "Bonds") of the Issuer, and acting for the Issuer and in its name, hereby certifies as follows with regard to the Bonds and use of the proceeds thereof, all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bonds Ordinance duly enacted by the Issuer on June 5, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 5, 2007 (collectively, the "Bond Legislation"):

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or any predecessor thereto (collectively, the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the 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.

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 obligations 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 June 8, 2007, the date on which the Bonds are to be physically delivered in exchange for more than a de minimus amount of the principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Legislation pursuant to which the Bonds are issued, the Issuer has covenanted to 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. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the 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 Legislation, has further covenanted that it will take all actions that may be required of it 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.

6. The Bonds were sold on June 8, 2007, to The Ohio Valley Bank Company, Gallipolis, Ohio (the "Purchaser"), for a purchase price of \$529,300, being the par value thereof, there being no interest accrued thereon.

7. The principal of the Bonds in the amount of \$529,300 will be paid to the Issuer on the Closing Date, for the purposes of (i) permanently refinancing the outstanding principal of, interest on and premium, if any, on the Water Revenue Bonds, Series 1975 (the "GMAC Bonds"); and (ii) paying costs of issuance and related costs thereof. None of such monies will be deposited in a reserve or replacement fund, and all of such monies are necessary for such purpose.

8. All proceeds from the sale of the Bonds, together with any investment earnings thereon, if any, will be expended for payment of such refunding the GMAC Bonds and costs of issuance of the Bonds on or before June 30, 2007.

9. Sources and uses of the proceeds of the Bonds are as follows:

SOURCES

Gross Proceeds of the Bonds	<u>\$529,300.00</u>
Total Sources	<u>\$529,300.00</u>

USES

Refunding GMAC Bonds	\$523,819.25
Costs of Issuance	5,480.75
Total Uses	<u>\$529,300.00</u>

The costs of refunding the GMAC Bonds and the costs of issuance of the Bonds is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet such costs, 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 Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average

maturity of the Bonds does not exceed 120% of the average expected economic life of the betterments and improvements for the System, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article IV of the Bond Ordinance, the following special funds have been created or continued:

(1) Series 2007 A Bonds Reserve Account.

11. Pursuant to Article IV of the Bond Ordinance, the proceeds of the Bonds will be paid by the Purchaser to the holder of the GMAC Bonds. The remainder will be disbursed by the Purchase to pay costs of issuance of the Bonds and related costs.

Except for "preliminary expenditures" as defined in Treas. Reg. §1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of operating and other expenses of the System previously incurred and paid by the Issuer with its own or other funds.

12. Monies held in the Bonds Payment Fund will be used solely to pay the principal of and interest on the Bonds and will not be available to meet costs of operating and other expenses of the System.

13. Except for the Bonds Payment Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay the principal and interest on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds if the Issuer encounters financial difficulties. None of the monies received from the Bonds will be deposited in any reserve or replacement fund.

14. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such Bonds were issued or as otherwise allowed, no portion of the proceeds of the 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.

15. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Purchaser.

16. All proceeds of the Bonds will be expended on payment of currently refunding the GMAC Bonds and costs of issuance within 3 months from the date of issuance thereof.

17. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

18. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

19. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by any person who is not a governmental unit. Less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to any person who is not a governmental unit. The covenants of the Issuer set forth above shall not, in any way, limit or restrict the ability of the Issuer to pay the costs of design and other preliminary costs of the Project, specifically including, but not limited to, engineering fees, from the proceeds of the Bonds.

20. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

21. The Issuer shall use the Bonds proceeds solely for currently refunding the GMAC Bonds, and costs of issuance and the System is and will be operated solely for a public purpose as a local governmental activity of the Issuer.

22. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the 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 Bonds is excludable from gross income for federal income tax purposes.

23. The 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.

24. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 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 the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2007, the calendar year in which the Bonds are issued, is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph 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 paragraph 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. Therefore, the Issuer qualifies for the small governmental issuer exception to rebate.

25. 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 Bonds.

26. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

27. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with any of the 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 Bonds.

28. 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 Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

29. 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 Bonds.

30. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service.

31. On the basis of the foregoing, it is not expected that the proceeds of any of the Bonds will be used in a manner that would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

32. 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.

33. 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 Bonds.

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

WITNESS my signature, dated as of the day and year first written above.

TOWN OF MILTON

By: 
Its: Mayor

02.12.07
609970.00003

TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

CERTIFICATE OF REGISTRAR

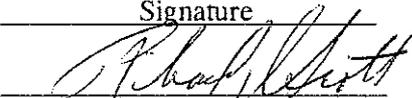
The Ohio Valley Bank Company, Gallipolis, Ohio (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Bond Ordinance of the Town of Milton (the "Issuer") enacted June 5, 2007, as supplemented by Supplemental Resolution duly adopted by the Issuer on June 5, 2007 (collectively, the "Bond Legislation"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the State of West Virginia, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Bond Legislation and to serve in the capacity of Registrar under the Bond Legislation.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Bond Legislation, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Richard D. Scott</u>	<u>Vice President, Trust</u>	

5. The Bonds have been duly authenticated, registered and delivered to the Purchaser, and the advance of the principal of the Bonds have been deposited as required by the Bond Legislation.

IN WITNESS WHEREOF, THE OHIO VALLEY BANK COMPANY has caused this Certificate to be executed by its duly authorized officer, this 8th day of June, 2007.

THE OHIO VALLEY BANK COMPANY

By: 
Its: Authorized Officer

609970.00003

TOWN OF MILTON

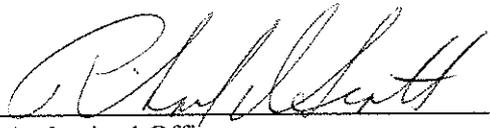
Water Refunding Revenue Bonds, Series 2007 A

CERTIFICATE OF PURCHASER

THE OHIO VALLEY BANK COMPANY , Gallipolis, Ohio (the "Purchaser"), as original purchaser from the Town of Milton (the "Issuer") of the above-captioned Bonds (the "Bonds"), hereby certifies that we are purchasing the Bonds for our own portfolio and none of the Bonds have been the subject of an initial offering to the public. We do not intend to divide the Bonds purchased by us nor to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.

IN WITNESS WHEREOF, THE OHIO VALLEY BANK COMPANY has caused this Certificate to be executed by its duly authorized officer, this 8th day of June, 2007.

THE OHIO VALLEY BANK COMPANY

By: 
Its: Authorized Officer

609970.00003

CCFY

CHARTER - 1876

A TRANSCRIPT OF THE ORDER OF THE HONORABLE EVERMENT WARD, JUDGE OF THE CIRCUIT COURT OF CABELL COUNTY, WEST VIRGINIA, GRANTING A CHARTER OF INCORPORATION TO THE TOWN OF MILTON. * * *

In a regular term of the Circuit Court continued and hold in and for the County of Cabell, State of West Virginia, at the Court House thereof on the 16th day of September, 1876, the following order was made and entered:

UPON THE APPLICATION OF THE TOWN OF MILTON FOR A CERTIFICATE OF INCORPORATION

The citizens of the Town of Milton, in the District of Grant, in this County, having on the 4th day of the present term of this Court by their attorney, produced to the Court a proper certificate, under the provisions of Chapter 47, of the Code of West Virginia, and having filed the same in this Court and moved the Court for a certificate of Incorporation under the provisions of said Chapter 47 of the Code of West Virginia, and it appearing to the satisfaction of the Court that all the provisions of said Chapter 47 of the Code have been complied with, it is therefore ordered that the Clerk of this Court pen a certificate of Incorporation of the Town of Milton in form or in substance as follows:

A certificate under oath of T. J. Thuma and S. H. Thomason that a majority of the qualified voters, residing in the following boundry:

BEGINNING at the south side of the Milton bridge across Mud River, thence crossing the river N. 15 poles 15 links to a branch, thence with the meanderings of the branch, N. 17 E. 40 poles, thence N. 22 W. 14 poles crossing the railroad, in all 54 poles, thence N. 63 poles to the back line or military line, thence with the military line N. 89½ E. 280 poles to Johns Creek, thence with the meanderings of said creek S. 59 W. 16 poles, thence N. 6 W. 60 poles to a drain, thence with the line of G. W. Summers S. 50 E. 12 poles to a stake corner in the road, thence down the branch S. 20 E. crossing the railroad at 50 and 90 poles in all to the mouth of Johns Creek, thence with the meanderings of Mud River N. 16 W. 20 poles, N. 15 W. 6 poles, S. 4½ W. 32 poles, N. 80 W. 46 poles, N. 63 W. 12 poles, S. 1 W. 22 poles, S. 40 E. 6 poles, N. 65 W. 6 poles, N. 28 W. 14 poles, N. 39 W. 85 poles, S. 95 W. 14 poles, S. 30 W. 32 poles, S. 75 W. 85 poles to the BEGINNING, containing 330 acres, have been given in due form of law in favor of the incorporation of the TOWN OF MILTON, in the District of Grant, of Cabell County, 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, the said TOWN OF MILTON 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.

A True Copy. Attest: G. R. SEARNS, CLERK CIRCUIT COURT.
CABELL COUNTY, WEST VIRGINIA.
By C. A. Withers, Deputy Clerk.

2

RULES OF PROCEDURE
OF THE TOWN OF MILTON

1.4

RESOLUTION ESTABLISHING RULES BY WHICH THE DATE,
TIME, PLACE AND AGENDA OF ALL REGULARLY
SCHEDULED MEETINGS AND THE DATE, TIME, PLACE
AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE
MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND
NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION
AND SUCH RULES SHALL TAKE EFFECT.

Be it Resolved and Ordered by the Council of the Town of Milton, Cabell,
County, West Virginia:

Section 1. Statutory Mandate for The Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law. The provisions of the Act, as amended from time to time, are incorporated herein as if fully set out herein.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the date, time, place and agenda of all regularly scheduled meetings and the date, time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Council of the Town of Milton (the "Council"), Cabell County, West Virginia (the "Town"), is the governing body of the Town within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as the Rules of Procedure of the Council.

Section 3. Rules. The following are hereby promulgated and established as the Rules of Procedure of the Council:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, post, and leave posted throughout the year to which it

applies, at the regular meeting place of the Council, where notices customarily are posted, a notice setting forth the date, time and place of the Council's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Recorder not less than 72 hours before such regular meeting is to be held.

The Council shall also instruct the Recorder to, and the Recorder shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

<u>News Media</u>	<u>Address</u>
The Herald-Dispatch	Huntington, West Virginia
The Cabell Record	Culloden, West Virginia
WAMX (FM)	Milton, West Virginia

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of this Resolution, the Council shall review the above list and shall amend such list as needed, in the opinion of the Council, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Council. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Recorder not less than 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Council, notice of such modification shall immediately be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting is to be held. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Council, the Council shall instruct the Recorder to, and the Recorder shall, post at the regular meeting place of the Council, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 72 hours prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 3. Emergency Meetings. The Council may hold a meeting without providing the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the Council and shall be attested to in a certificate by the Recorder describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Rule No. 4. Executive Sessions. The Council may hold an executive session during a regular, special or emergency meeting in accordance with Section 4 of the Act. During the open portion of the meeting, prior to convening an executive session, the Mayor shall identify the authorization under Section 4 of the Act for holding the executive session and present it to the Council and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Council members present. The Council may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Section 4 of the Act.

Rule No. 5. Minutes. The Council shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Section 4 of the Act, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

- (1) The date, time and place of the meeting;
- (2) The name of each Council member present and absent;
- (3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and

- (4) The results of all votes and, upon the request of a Council member, the vote of each Council member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Council may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Council from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Council may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Council meeting required to be open. The Council may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Council shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Council, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Council, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

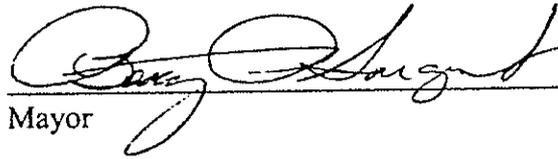
Rule No. 8. Telephonic Meetings. Council meetings may be held by telephone conference or other electronic means. All Council members participating by telephone or other electronic means must be audible to all those personally present.

Section 4. Committee Meetings. All meetings of any committee of the Council shall be subject to the Rules of Procedure set forth in Section 3 hereof.

Section 5. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 6. Effective Time. This Resolution and the Rules of Procedure promulgated hereby shall take effect immediately upon the adoption hereof.

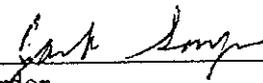
Adopted this 4th day of November, 2004



Mayor

[SEAL]

Attest:



Recorder

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the Town of Milton on the 4th day of November, 2004.

Dated this 29th day of December, 2004.

[SEAL]



Recorder

10/26/04
004201/00304

RULES OF PROCEDURE OF THE
MUNICIPAL UTILITY COMMISSION OF THE TOWN OF MILTON

1.7

RESOLUTION ESTABLISHING RULES BY WHICH THE DATE,
TIME, PLACE AND AGENDA OF ALL REGULARLY
SCHEDULED MEETINGS AND THE DATE, TIME, PLACE
AND PURPOSE OF ALL SPECIAL MEETINGS ARE TO BE
MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND
NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION
AND SUCH RULES SHALL TAKE EFFECT.

Be it Resolved and Ordered by the Municipal Utility Commission of the Town of Milton,
Cabell County, West Virginia:

Section 1. Statutory Mandate for The Rules. The rules established in and by this Resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law. The provisions of the Act, as amended from time to time, are incorporated herein as if fully set out herein.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the date, time, place and agenda of all regularly scheduled meetings and the date, time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Municipal Utility Commission (the "MUC") of the Town of Milton, Cabell County, West Virginia (the "Town"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as the Rules of Procedure of the MUC.

Section 3. Rules. The following are hereby promulgated and established as the Rules of Procedure of the MUC:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the MUC shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it

applies, at the regular meeting place of the MUC, where notices customarily are posted, a notice setting forth the date, time and place of the MUC's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 72 hours before such regular meeting is to be held.

The MUC shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

<u>News Media</u>	<u>Address</u>
The Herald-Dispatch	Huntington, West Virginia
The Cabell Record	Culloden, West Virginia
WAMX (FM)	Milton, West Virginia

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of this Resolution, the MUC shall review the above list and shall amend such list as needed, in the opinion of the MUC, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the MUC. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 72 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the MUC, notice of such modification shall immediately be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above not less than 48 hours before such regular meeting is to be held. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 24 hours prior to the date set for any special meeting of the MUC, the MUC shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the MUC, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 72 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 3. Emergency Meetings. The MUC may hold a meeting without providing the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the event of an emergency requiring immediate official action. The existence for such an emergency requiring immediate official action shall be determined by the MUC and shall be attested to in a certificate by the Secretary describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Rule No. 4. Executive Sessions. The MUC may hold an executive session during a regular, special or emergency meeting in accordance with Section 4 of the Act. During the open portion of the meeting, prior to convening an executive session, the Chairperson shall identify the authorization under Section 4 of the Act for holding the executive session and present it to the MUC and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the MUC members present. The MUC may hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Section 4 of the Act.

Rule No. 5. Minutes. The MUC shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Section 4 of the Act, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

- (1) The date, time and place of the meeting;
- (2) The name of each MUC member present and absent;
- (3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and

- (4) The results of all votes and, upon the request of a MUC member, the vote of each MUC member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the MUC may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the MUC from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The MUC may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a MUC meeting required to be open. The MUC may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The MUC shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the MUC, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the MUC, acting in good faith and consistent with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. MUC meetings may be held by telephone conference or other electronic means. All MUC members participating by telephone or other electronic means must be audible to all those personally present.

Section 4. Committee Meetings. All meetings of any committee of the MUC shall be subject to the Rules of Procedure set forth in Section 3 hereof.

Section 5. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflicts, hereby repealed.

Section 6. Effective Time. This Resolution and the Rules of Procedure promulgated hereby shall take effect immediately upon the adoption hereof.

Adopted this 4th day of November, 2004.


Chairperson

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Municipal Utility Commission of the Town of Milton on the 4th day of November, 2004.

Dated this 29th day of December, 2004.

[SEAL]



Secretary

12/09/04
004201/00304

ARTICLE 113
Municipality Utility Commission

- | | |
|--|---|
| <p>113.01 Creation; members.</p> <p>113.02 Compensation; members reimbursed for expenses.</p> <p>113.03 Powers and duties.</p> <p>113.04 Request for authority to expend money; statement.</p> | <p>113.05 Commission budget; Council authority.</p> <p>113.06 Transfer of funds; Council authority.</p> |
|--|---|

CROSS REFERENCES

- Combined waterworks and sewerage systems - see W. Va. Code
Art. 8-20
- Sewer regulations - see S.U.&P.S. Art. 931
- Water and sewer rates - see S.U.&P.S. Art. 937

113.01 CREATION; MEMBERS.

There is hereby created and appointed a Municipal Utility Commission, consisting of the Mayor and four other members to be appointed by the Mayor and approved by Council. The Mayor shall act as chairman of the Commission. One member shall be appointed to serve for a term of one year; one member shall be appointed to serve for a term of two years; one member shall be appointed to serve for a term of three years; and one member shall be appointed for a term of four years. The chairman of such Commission shall always be the Mayor.
(Ord. 3-5-91)

113.02 COMPENSATION; MEMBERS REIMBURSED FOR EXPENSES.

Council may fix the compensation to be paid to members of the Commission not to exceed the sum of fifty dollars (\$50.00) per month, and the Mayor shall receive the sum of one hundred dollars (\$100.00) per month as chairman of the Commission. Each member of the Commission shall be entitled to payment for the reasonable expenses incurred in the performance of his duties.
(Ord. 3-5-91)

113.06 TRANSFER OF FUNDS; COUNCIL AUTHORITY.

Council may, upon written request from the Municipal Utility Commission and for good cause shown, authorize the transfer of amounts between items of the total appropriation or between funds or accounts.
(Ord. 3-5-91)

City of Milton

1595 U.S. Route 60 East • P.O. Box 98 • Milton, West Virginia 25541-0098 • (304)743-3032 • Fax (304)743-1872

Mayor:
Betty P. Sargent

Recorder:
Jack Sayre

Council Members:
John Bledsoe
Gary Holbert
Ken Klingler
Brian Leedy
Kelly Mullins

OATH OF OFFICE

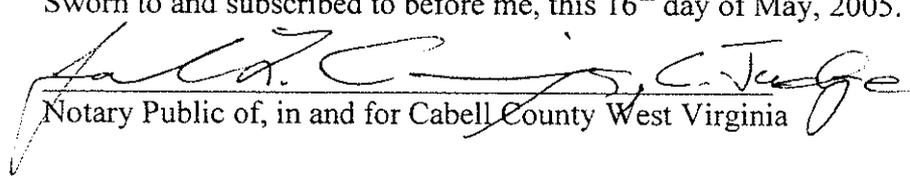
STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, **BETTY P. SARGENT**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia; that I will perform faithfully, honestly and impartially the duties of office and/or position of **MAYOR** of the City of Milton, West Virginia, to the best of my skill and judgment, so help me God.

SIGNATURE


DATE May 16, 2005

Sworn to and subscribed to before me, this 16th day of May, 2005.


Notary Public of, in and for Cabell County West Virginia

City of Milton

1595 U.S. Route 60 East • P.O. Box 98 • Milton, West Virginia 25541-0098 • (304)743-3032 • Fax (304)743-1872

Mayor:
Betty P. Sargent

Recorder:
Jack Sayre

Council Members:
John Bledsoe
Gary Holbert
Ken Klingler
Brian Leedy
Kelly Mullins

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, **KENNETH F. KLINGLER, JR.**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia; that I will perform faithfully, honestly and impartially the duties of office and/or position of **RECORDER** of the City of Milton, West Virginia, to the best of my skill and judgment, so help me God.

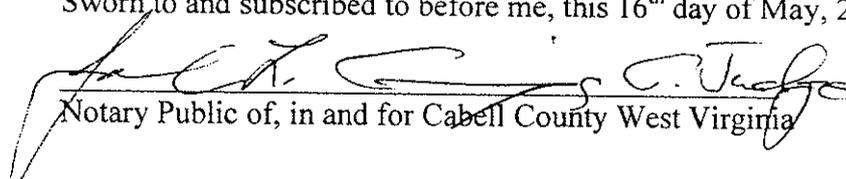
SIGNATURE



DATE

May 16, 2005

Sworn to and subscribed to before me, this 16th day of May, 2005.



Notary Public of, in and for Cabell County West Virginia

City of Milton

1595 U.S. Route 60 East • P.O. Box 98 • Milton, West Virginia 25541-0098 • (304)743-3032 • Fax (304)743-1872

Mayor:
Betty P. Sargent

Recorder:
Jack Sayre

Council Members:
John Bledsoe
Gary Holbert
Ken Klingler
Brian Leedy
Kelly Mullins

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, **JOHN BLEDSOE**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia; that I will perform faithfully, honestly and impartially the duties of office and/or position of **COUNCIL** of the City of Milton, West Virginia, to the best of my skill and judgment, so help me God.

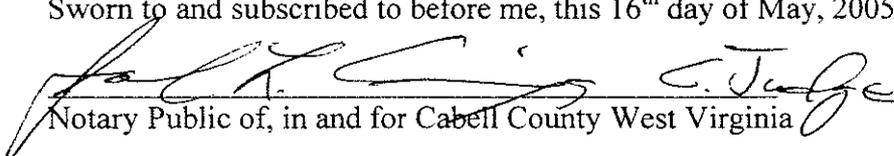
SIGNATURE



DATE

MAY 16, 05

Sworn to and subscribed to before me, this 16th day of May, 2005.



Notary Public of, in and for Cabell County West Virginia

City of Milton

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John Bledsoe
Gary Holbert
Ken Klingler
Brian Leedy
Kelly Mullins

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, **GARY HOLBERT**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia; that I will perform faithfully, honestly and impartially the duties of office and/or position of **COUNCIL** of the City of Milton, West Virginia, to the best of my skill and judgment, so help me God.

SIGNATURE

Gary Holbert

DATE

5-16-05

Sworn to and subscribed to before me, this 16th day of May, 2005.

[Signature]
Notary Public of, in and for Cabell County West Virginia

City of Milton

1595 U.S. Route 60 East • P.O. Box 98 • Milton, West Virginia 25541-0098 • (304)743-3032 • Fax (304)743-1872

Mayor:
Betty P. Sargent

Recorder:
Jack Sayre

Council Members:
John Bledsoe
Gary Holbert
Ken Klingler
Brian Leedy
Kelly Mullins

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, **ROBERT "BOB" LEGG**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia; that I will perform faithfully, honestly and impartially the duties of office and/or position of **COUNCIL** of the City of Milton, West Virginia, to the best of my skill and judgment, so help me God.

SIGNATURE

Robert "Bob" Legg

DATE

May 16, 2005

Sworn to and subscribed to before me, this 16th day of May, 2005.

[Signature]
Notary Public of, in and for Cabell County West Virginia

City of Milton

1595 U.S. Route 60 East • P.O. Box 98 • Milton, West Virginia 25541-0098 • (304)743-3032 • Fax (304)743-1872

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Recorder:
Jack Sayre

Council Members:
John Bledsoe
Gary Holbert
Ken Klingler
Brian Leedy
Kelly Mullins

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, **BONNIE G. LEWIS**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia; that I will perform faithfully, honestly and impartially the duties of office and/or position of **COUNCIL** of the City of Milton, West Virginia, to the best of my skill and judgment, so help me God.

SIGNATURE Bonnie Lewis

DATE 5/16/05

Sworn to and subscribed to before me, this 16th day of May, 2005.

John A. King, C. Judge
Notary Public of, in and for Cabell County West Virginia

City of Milton

1595 U.S. Route 60 East • P.O. Box 98 • Milton, West Virginia 25541-0098 • (304)743-3032 • Fax (304)743-1872

Mayor:
Betty P. Sargent

Recorder:
Jack Sayre

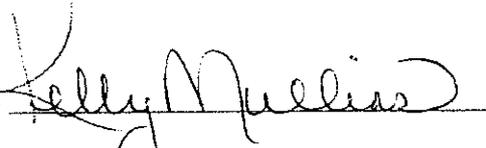
Council Members:
John Bledsoe
Gary Holbert
Ken Klingler
Brian Leedy
Kelly Mullins

OATH OF OFFICE

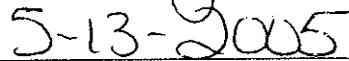
STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, **KELLY LEWIS MULLINS**, do solemnly swear that I will support the Constitution of the United States, and the Constitution of the State of West Virginia; that I will perform faithfully, honestly and impartially the duties of office and/or position of **COUNCIL** of the City of Milton, West Virginia, to the best of my skill and judgment, so help me God.

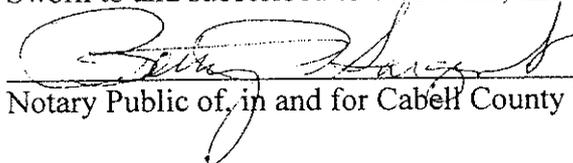
SIGNATURE



DATE



Sworn to and subscribed to before me, this 16th day of May, 2005.


Notary Public of, in and for Cabell County West Virginia

AFFIDAVIT OF PUBLICATION

020431

STATE OF WEST VIRGINIA,
COUNTY OF CABELL, TO-WIT:

I, **Sarah Harmon** being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH-652678 was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the 21 day of May, 2007 and ending with the issue of the 28 day of May, 2007 and was posted at the East door of the Cabell County Courthouse on 21 day of May, 2007; that said legal advertisement was published on the following dates:

; 5/21/07, 5/28/07

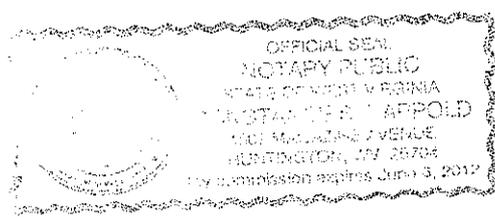
that the cost of publishing said annexed advertisement as aforesaid was \$145.78; that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages with out a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Taken, subscribed and sworn to before me in my said county this 29th day of May, 2007.

My Commission expires June, 2012

Sarah Harmon

Constance S. Reppold
Notary Public
Cabell County
West Virginia



PUBLIC HEARING ON
TOWN OF MILTON
BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the Town of Milton (the "Town") to be held on Tuesday, June 5, 2007, at 7:00 pm at the Town of Milton Town Hall, 1595 US Rt. 60 East, Milton, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

O R D I N A N C E
AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1975, OF THE TOWN OF MILTON THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$575,000 IN A G G R E G A T E PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2007 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used to refund the Water Revenue Bonds, Series 1975 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 system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Milton on May 3, 2007. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

Following the public hearing, the Town intends to enact the Ordinance upon final reading.

Dated: May 15, 2007

LH#652678

5/21/28/2007

TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

EXCERPT OF MINUTES ON ADOPTION OF BOND ORDINANCE, SUPPLEMENTAL
RESOLUTION AND FIRST DRAW RESOLUTION

The undersigned Recorder of the Town of Milton (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Town.

* * *

* * *

* * *

The Council of the Town met in regular session, pursuant to notice duly given, on the 5th day of June, 2007, in Milton, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Betty P. Sargent	-	Mayor
	Ken Klingler	-	Recorder
	John Bledsoe	-	Councilperson
	Bonnie Lewis	-	Councilperson
	Gary Holbert	-	Councilperson
	Bob Legg	-	Councilperson
ABSENT:	Kelly Mullins	-	Councilperson

Betty P. Sargent, Mayor, presided, and Ken Klingler, 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 stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to said Bond Ordinance, the Mayor thereupon stated that it would be in order to consider the said Bond Ordinance for final enactment and the Mayor caused the said Bond Ordinance to be read as follows:

ORDINANCE AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1975, OF THE TOWN OF MILTON THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$575,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2007 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF 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, upon motion duly made by Gary Holbert and seconded by John Bledsoe, it was unanimously ordered that the said Bond Ordinance be adopted and be in full force and effect on and from the date hereof.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND OTHER TERMS OF THE WATER REFUNDING REVENUE BONDS, SERIES 2007 A, OF THE TOWN OF MILTON; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE OHIO VALLEY BANK COMPANY; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by John Bledsoe and seconded by Ken Klingler, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Mayor presented First Draw Resolution for consideration and there was discussion. Thereupon, on motion duly made by Bonnie Lewis and seconded by Bob Legg, it was unanimously ordered that the said First Draw Resolution be adopted and be in full force and effect on and from the date hereof.

* * *

* * *

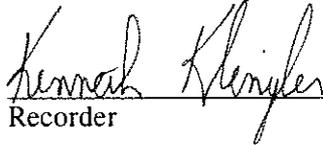
* * *

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 is a true copy of the minutes of the Town of Milton and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 5th day of June, 2007.


Recorder

609970.00003

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 8, 2007

(See Reverse for Instructions)

ISSUE: THE TOWN OF MILTON, WATER REFUNDING REVENUE BONDS, SERIES 2007 A

ADDRESS: 1595 US Route 60, East, Milton, WV 25541 COUNTY: Cabell

PURPOSE OF ISSUE: New Money: _____
Refunding: X REFUNDS ISSUE(S) DATED: June 8, 2007

ISSUE DATE: June 8, 2007 CLOSING DATE June 8, 2007

ISSUE AMOUNT: \$529,300 RATE: 4.45%

1ST DEBT SERVICE DUE: NA 1ST PRINCIPAL DUE: NA

1ST DEBT SERVICE AMOUNT: NA PAYING AGENT: Municipal Bond Commission

BOND UNDERWRITERS
COUNSEL: Step toe & Johnson COUNSEL: _____

Contact Person: John C. Stump, Esquire Contact Person: _____
Phone: 304.353.8196 Phone: _____

CLOSING BANK: The Ohio Valley Bank Company ESCROW TRUSTEE: _____
Contact Person: Richard D. Scott Contact Person: _____
Phone: 704.446.2631 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT OTHER: _____
Contact Person: Betty Sargent Contact Person: _____
Position: Mayor Function: _____
Phone: 304.743.3032 Phone: _____

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
By: _____ Wire _____ Capitalized Interest: \$ _____
X Check X Reserve Account: \$ 68,422.00
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee: \$ _____
Check _____ To Issuer \$ _____
IGT _____ To Cons. Invest. Fund \$ _____
To Other: _____ \$ _____

NOTES Monthly debt service payments will be made by the Town directly to The Ohio Valley Bank Company. The Municipal Bond Commission will hold the Series 2007 A Bonds Reserve Account.

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



FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

822867494

06/06/2007

West Virginia

Remitter CITY OF MILTON

Pay To The
Order Of

MUNICIPAL BOND COMMISSION

\$ *****68,422.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

499156243840 Rev. 1 3/05 M 62806-M/59250-O

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK



822867494 10-86
220

Date 06/06/2007

West Virginia

Remitter CITY OF MILTON

Pay: SIXTY EIGHT THOUSAND FOUR HUNDRED TWENTY TWO DOLLARS AND 00 CENTS

\$ *****68,422.00 ***

Pay To The
Order Of

MUNICIPAL BOND COMMISSION

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes
First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
To Citibank, N.A., Buffalo, NY



⑈ 3 7000 2⑈ ⑆ 0 2 2000868⑆ 2 5008 2 286 74949⑈

NEW Rn
1070 EFFECTIVE
7-1-2007

MIN
2.500
5.75 INCREASE 2, 250
\$0.85

CITY OF MILTON, WEST VIRGINIA

937.02

**AN ORDINANCE ESTABLISHING AND FIXING RATES,
FEES AND CHARGES OF THE MUNICIPAL WATER DEPARTMENT
OF THE CITY OF MILTON, WEST VIRGINIA**

THE CITY COUNCIL OF THE CITY OF MILTON HEREBY ORDAINS: The following rates fees and charges for water service provided by its Municipal Water Department to customers throughout its territory served, are hereby fixed and determined as rates, fees and charges in lieu of those rates, fees and charges contained in its tariff, P.S.C. W.Va. No. 7 currently on file with the Public Service Commission of West Virginia:

STEP ONE

SCHEDULE NO. 1

APPLICABILITY

Water rates applicable within and outside the corporate limits of Milton, Cabell County.

AVAILABILITY OF SERVICE

Available for residential, commercial, industrial and sales for resale water service.

RATES (Based upon the metered amount of water supplied)

First	2,500 gallons used per month	\$ 5.70 per 1,000 gallons
Next	1,500 gallons used per month	5.70 per 1,000 gallons
Next	6,000 gallons used per month	5.25 per 1,000 gallons
Next	10,000 gallons used per month	4.70 per 1,000 gallons
All over	20,000 gallons used per month	3.75 per 1,000 gallons

MINIMUM BILL

No bill will be rendered for less than the following amounts, to wit:

5/8 Inch meter	\$ 14.25 per month
3/4 Inch meter	21.40 per month
1 Inch meter	35.65 per month
1-1/4 Inch meter	52.00 per month
1-1/2 Inch meter	71.25 per month
2 Inch meter	114.00 per month
3 Inch meter	213.75 per month
4 Inch meter	356.25 per month
6 Inch meter	712.50 per month
8 Inch meter	1,140.00 per month

UNMETERED RATE

When the customer has service that is unmetered or otherwise immeasurable by the city, the unmetered rate shall be \$22.80 per month. (4,000 gallons/mo.)

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billing not paid in full within twenty (20) days of the billing date, a ten percent (10%) penalty may be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, Milton Water shall charge the customer for such a bad check a fee of \$25.00.

SERVICE CONNECTION CHARGE

The general charge for making each service connection 3/4 inch or smaller shall be \$500.00 to make an ordinary connection to the water system. Larger than 3/4 inch shall be the greater of \$750.00 or the actual cost of the installation as determined solely by the City of Milton.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of water bills, a disconnection fee of \$25.00 shall be charged; or in the event that the delinquent water bill is collected by the City in the field, an administrative fee of \$25.00 shall be charged. A \$25.00 reconnection fee will be assessed for each occurrence where water service to water customers is restored, after water service has been terminated for non-payment of water bills.

LEAK ADJUSTMENT INCREMENT

\$2.50 per 1,000 gallons. To be used when the bill reflects unusual consumption, which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

MULTIPLE OCCUPANCY

On apartment buildings, trailer courts, or any other multiple occupancy buildings or structures. The charge shall be not less than the minimum monthly charge for a 5/8 meter per unit. All new multiple occupancy structures constructed after February 10, 1995, shall provide a separate water service and each unit shall be separately metered.

SCHEDULE NO. 2

APPLICABILITY

Applicable in all areas served by the City of Milton Water.

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

PRIVATE RATES

Where connections, hydrants, sprinklers, etc., on property are maintained by customer.

	Per Month
2 Inch service line with hydrants, sprinklers, and/or connections	\$ 6.25
3 Inch service line with hydrants, sprinklers, and/or connections	12.50
4 Inch service line with hydrants, sprinklers, and/or connections	22.92
6 Inch service line with hydrants, sprinklers, and/or connections	58.33
8 Inch service line with hydrants, sprinklers, and/or connections	100.00
10 Inch service line with hydrants, sprinklers, and/or connections	166.67
12 Inch service line with hydrants, sprinklers, and/or connections	229.17

PERIODIC BILLING

The schedule of rates and charges above may be applied on a bi-monthly, quarterly, semi-annual basis, provided no lower charges apply.

PUBLIC RATES

An annual fee of \$10.00 per fire hydrant is assessed upon the City of Milton and/or other municipal corporations where hydrants are located. All other matters pertaining to rates and charges for this service as then currently authorized and approved by the Public Service Commission shall be in effect.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, Milton Water shall charge the customer for such a bad check a fee of \$25.00.

TAX SCHEDULE

The water utility is required to collect a utility tax pursuant to West Virginia Code Section 8-13-5a.

Customers receiving water service within the corporate limits of the specified municipality shall pay a surcharge tax at the following rates:

Municipality Utility Excise Tax Milton 2% Local Tax Rate

**RATES TO BE CHARGED IN CONNECTION WITH WATER IMPROVEMENT
PROJECT**

STEP TWO

SCHEDULE NO. 1

APPLICABILITY

Water rates applicable within and outside the corporate limits of Milton, Cabell County

AVAILABILITY OF SERVICE

Available for residential, commercial, industrial and sales for resale water service.

RATES (Based upon the metered amount of water supplied)

First	2,500 gallons used per month	\$8.00 per 1,000 gallons
Next	1,500 gallons used per month	7.10 per 1,000 gallons
Next	6,000 gallons used per month	6.70 per 1,000 gallons
Next	10,000 gallons used per month	6.00 per 1,000 gallons
All over	20,000 gallons used per month	4.50 per 1,000 gallons

MINIMUM BILL

No bill will be rendered for less than the following amounts, to wit:

5/8 Inch meter	\$ 20.00 per month
3/4 Inch meter	30.00 per month
1 Inch meter	50.00 per month
1-1/4 Inch meter	73.00 per month
1-1/2 Inch meter	100.00 per month
2 Inch meter	160.00 per month
3 Inch meter	300.00 per month
4 Inch meter	500.00 per month
6 Inch meter	1,000.50 per month
8 Inch meter	1,600.00 per month

UNMETERED RATE

When the customer has service that is unmetered or otherwise unmeasurable by the City, the unmetered rate shall be \$30.65 per month. (4,000 gallons/mo.)

DELAYED PAYMENT PENALTY

The above schedule is net. On all current usage billings not paid in full within twenty (20) days of the billing date, a ten percent (10%) penalty may be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, Milton Water shall charge the customer for such a bad check a fee of \$25.00.

SERVICE CONNECTION CHARGE

The general charge for making each service connection 3/4 inch or smaller shall be \$500.00 to make an ordinary connection to the water system. Larger than 3/4 inch shall be the greater of \$750.00 or the actual cost of the installation as determined solely by the City of Milton.

WATER DISCONNECT-RECONNECT-ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of water bills, a disconnection fee of \$30.00 shall be charged; or in the event that the delinquent water bill is collected by the City in the field, an administrative fee of \$25.00 shall be charged. A \$30.00 reconnection fee will be assessed for each occurrence where water service to water customers is restored, after water service has been terminated for non-payment of water bills.

LEAK ADJUSTMENT INCREMENT

\$3.00 per 1,000 gallons. To be used when the bill reflects unusual consumption, which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

MULTIPLE OCCUPANCY

On apartment buildings, trailer courts, or any other multiple occupancy buildings or structures. The charge shall be not less than the minimum monthly charge for a 5/8 meter per unit. All new multiple occupancy structures constructed after February 16, 1995, shall provide a separate water service and each unit shall be separately metered.

SCHEDULE NO. 2

APPLICABILITY

Applicable in all areas served by the City of Milton Water.

AVAILABILITY OF SERVICE

Available for public and private fire protection service.

PRIVATE RATES

Where connections, hydrants, sprinklers, etc., on property are maintained by customer.

	Per Month
2 Inch service line with hydrants, sprinklers, and/or connections	\$ 6.25
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12 Inch service line with hydrants, sprinklers, and/or connections	229.17

PERIODIC BILLING

The schedule of rates and charges above may be applied on a bi-monthly, quarterly, semi-annual basis, provided no lower charges apply.

PUBLIC RATES

An annual fee of \$10.00 per fire hydrant is assessed upon the City of Milton and/or other municipal corporations where hydrants are located. All other matters pertaining to rates and charges for this service as then currently authorized and approved by the Public Service Commission shall be in effect.

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reason, Milton Water shall charge the customer for such a bad check a fee of \$25.00.

TAX SCHEDULE

The water utility is required to collect a utility tax pursuant to West Virginia Code Section 8-13-5a.

Customers receiving water service within the corporate limits of the specified municipality shall pay a surcharge tax at the following rates:

Municipality Utility Excise Tax Milton 2% Local Tax Rate

SECTION 2. EFFECTIVE DATE

The rates, fees, and charges provided in Step One herein shall be effective 45 days after the enactment hereof.

The rates, fees, and charges provided in Step Two shall be effective at the earlier of the commencement of debt service or July 1, 2007.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date of the fees, rates, and charges as herein set forth, all ordinance, resolutions, orders or part thereof in conflict with the provisions of this Ordinance are, to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, order or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall publish Notice of this Ordinance, in *The Herald Dispatch*, being a newspaper published and of general circulation in Cabell County, West Virginia, as a Class I publication. Said publication shall be made at least five (5) days before the meeting of the City Council at which a final reading and vote on the ordinance will be held. Said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 17th day of January 2006, at 6:00 p.m. in the Council Chambers at City Hall and present protests, if any. At such hearing all objections and suggestions shall be heard and the Council will thereafter meet at 7:00 p.m. for its final reading and vote on the ordinance and shall take such action as it shall deem proper on the premises.

Further, said Notice shall advise the public that a copy of this ordinance is available for public inspection.

Passed on First Reading January 3, 2006

Passed on Second Reading January 17, 2006

Effective as of January 17, 2006

s/s Kenneth King
City Recorder

RECEIVED
UTILITY DIVISION
SPECIAL STUDIES SECTION

dated 3-9-06

P.S.C. W. Va. No. 8
Canceling P.S.C. W. Va. No. 7

2006 MAR -3 PM 1:18

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

CITY OF MILTON, a municipal corporation **Public Service Commission
of W. VA. Tariff Office**

OF

MAR 03 2006

MILTON, WEST VIRGINIA

Special Studies Section

RATES, RULES AND REGULATIONS FOR FURNISHING
WATER

at Milton and vicinity, Cabell County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

COPY

Issued January 23, 2006

Effective March 3, 2006
or as otherwise provided herein

Passed by City Council

Issued by CITY OF MILTON, a municipal corporation

By Robert L. Proctor

Its Attorney
Title

RULES AND REGULATIONS

- I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

SCHEDULE NO. 1

(C) **APPLICABILITY**
Water rates applicable within and outside the corporate limits of Milton, Cabell County

(C) **AVAILABILITY OF SERVICE**
Available for residential, commercial, industrial and sales for resale water service.

(C)(I) **RATES** (Based upon the metered amount of water supplied)

First	2,500 gallons used per month	\$ 5.70 per 1,000 gallons	<i>2.85</i>
Next	1,500 gallons used per month	5.70 per 1,000 gallons	
Next	6,000 gallons used per month	5.25 per 1,000 gallons	
Next	10,000 gallons used per month	4.70 per 1,000 gallons	
All over	20,000 gallons used per month	3.75 per 1,000 gallons	

(C)(I) **MINIMUM BILL**
No bill will be rendered for less than the following amounts, to wit:

<u>5/8</u>	Inch meter	\$ 14.25 per month	<i>5.70 + 5.70 + 2.85</i>
3/4	Inch meter	21.40 per month	
1	Inch meter	35.65 per month	
1 - 1/4	Inch meter	52.00 per month	
1 - 1/2	Inch meter	71.25 per month	
2	Inch meter	114.00 per month	
3	Inch meter	213.75 per month	
4	Inch meter	356.25 per month	
6	Inch meter	712.50 per month	
8	Inch meter	1,140.00 per month	

(N) **UNMETERED RATE**
When the customer has service that is unmetered or otherwise unmeasurable by the City, the unmetered rate shall be \$22.80 per month. (4,000 gallons/mo.)

- (C) Indicates change in text of regulations
- (I) Indicates an increase in rates
- (N) Indicates new rates or regulations

(C) **DELAYED PAYMENT PENALTY**

The above schedule is net. On all current usage billings not paid in full within twenty (20) days of the billing date, a ten percent (10%) penalty may be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(N) **RETURNED CHECK CHARGE**

If a check received is returned by the bank for any reason, Milton Water shall charge the customer for such a bad check a fee of \$25.00.

(C)(I) **SERVICE CONNECTION CHARGE**

The general charge for making each service connection 3/4 inch or smaller shall be \$500.00 to make an ordinary connection to the water system.

Larger than 3/4 inch shall be the greater of \$750.00 or the actual cost of the installation as determined solely by the City of Milton.

(N) **WATER DISCONNECT-RECONNECT - ADMINISTRATIVE FEES**

Whenever water service has been disconnected for non-payment of water bills, a disconnection fee of \$25.00 shall be charged; or in the event that the delinquent water bill is collected by the City in the field, an administrative fee of \$25.00 shall be charged. A \$25.00 reconnection fee will be assessed for each occurrence where water service to water customers is restored, after water service has been terminated for non-payment of water bills.

(N) **LEAK ADJUSTMENT INCREMENT**

\$2.50 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

(C) **MULTIPLE OCCUPANCY**

On apartment buildings, trailer courts, or any other multiple occupancy buildings or structures, the charge shall be not less than the minimum monthly charge for a 5/8 meter per unit. All new multiple occupancy structures constructed after February 10, 1995, shall provide a separate water service and each unit shall be separately metered.

- (C) Indicates change in text of regulations
- (I) Indicates an increase in rates
- (N) Indicates new rates or regulations

LAW OFFICES
ROBERT R. RODECKER
BB&T SQUARE
300 SUMMERS STREET, SUITE 1230
POST OFFICE BOX 3713
CHARLESTON, WEST VIRGINIA 25337

ROBERT R. RODECKER
rodecker@wvdsi.net
—
JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

February 17, 2006

AREA CODE 304
343-1654
—
FACSIMILE
343-1657

Ms. Sandra Squire
Executive Secretary
Public Service Commission
201 Brooks Street
Charleston, West Virginia 25301

RE: CITY OF MILTON
WATER RATE INCREASE ORDINANCE

Dear Ms. Squire:

Enclosed herein please find thirteen (13) copies of the following documents:

1. Affidavits evidencing post-adoption publication of Tariff Form No. 12 in *The Herald Dispatch* newspaper on January 20 and 27, 2006; and,
2. Affidavit evidencing posting of Tariff Form No. 12 in the City's offices for a thirty (30) day period following adoption of the Ordinance.

Evidenced of the issuance of a Press Release was included within the City's January 20, 2006 filing of the ordinance documents.

With the submission of the enclosed Affidavits, all post-adoption notice requirements have been met.

Sincerely,



Robert R. Rodecker
WV Star Bar No. 3145

/bg

enclosures

cc: Honorable Betty Sargent
Randie Lawson
Michael D. Griffith, CPA
milton\2006 water rates\post adopt\squire letter 2

**AFFIDAVITS EVIDENCING
NEWSPAPER PUBLICATION
OF TARIFF FORM NO. 12**

AFFIDAVIT OF PUBLICATION

031279

STATE OF WEST VIRGINIA,
COUNTY OF CABELL, TO-WIT:

, Terri Mount being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH-584088 was duly published in

The Herald-Dispatch

one time, once a week for 1 successive weeks, commencing with its issue of the 20 day of January, 2006 and ending with the issue of the 20 day of January, 2006 and was posted at the East door of the Cabell County Courthouse on 20 day of January, 2006; that said legal advertisement was published on the following dates:

: January 20th 2006

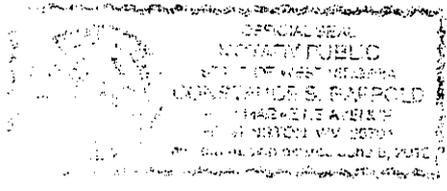
that the cost of publishing said annexed advertisement as aforesaid was \$400.00 that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication; that such newspaper is a newspaper of "general circulation" as defined in Article 3, chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages with out a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Taken, subscribed and sworn to before me in my said county this 25th day of JANUARY, 2006.

My Commission expires June 16, 2012

Terri Mount

Constance D. Ruppold
Notary Public
Cabell County
West Virginia



**Tariff Form No. 12
(Tariff Rule 44)**

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the City Council of the City of Milton has adopted, by ordinance on January 17, 2006, a two step increase in its rates, fees and charges for furnishing water services to 2,208 customers in the City of Milton in the County of Cabell.

The first step of the proposed increased rates and charges will become effective 45 days after adoption of the rate ordinance unless otherwise ordered by the Public Service Commission and will produce approximately \$ 108,997 annually in additional revenue, an increase of 16.9%. The average monthly bill for the various classes of customers under the step one of the increase will be changed as follows:

	(\$) <u>INCREASE</u>	<u>INCREASE (%)</u>
Residential (4,000 gallons per month)	\$ 4.40	23.9%
Commercial (8,100 gallons per month)	\$ 8.36	23.2%
Industrial (101,000 gallons per month)	\$ 73.09	22.0%
Bulk Sales (139,000 gallons per month)	\$ 97.03	21.5%

The second step of the proposed increased rates and charges will become effective at the earlier of the commencement of debt service or July 1, 2007 unless otherwise ordered by the Public Service Commission and will produce approximately \$247,000 annually in additional revenue over the step one rates, an increase of 32.8%. The average monthly bill for the various classes of customers under step two of the increase over the step one rates will be changed as follows:

	(\$) <u>INCREASE</u>	<u>INCREASE (%)</u>
Residential (4,000 gallons per month)	\$ 7.85	34.4%
Commercial (8,100 gallons per month)	\$ 13.79	31.1%
Industrial (101,000 gallons per month)	\$ 90.30	22.3%
Bulk Sales (139,000 gallons per month)	\$118.80	21.7%

The City of Milton has no resale class customers.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at any of the following offices of the utility.

City Clerk's Office
City Hall
1139 Smith Street
Milton, West Virginia

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323. 1/20/06 SSM/DA

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF CABELL, TO-WIT:

I, Terri Mount being first duly sworn, depose and say that I am Legal Clerk for The Herald-Dispatch, a corporation, who publishes at Huntington, Cabell County, West Virginia, the newspaper: The Herald-Dispatch, an independent newspaper, the morning seven days each week, Monday through Sunday including New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving and Christmas; that I have been duly authorized by the Board of Directors of such corporation and the newspaper mentioned herein; that the legal advertisement attached in the left margin of this affidavit and made a part hereof and bearing number LH-585329 was duly published in

The Herald-Dispatch

one time, once a week for 1 successive weeks, commencing with its issue of the 27 day of January, 2006 and ending with the issue of the 27 day of January, 2006 and was posted at the East door of the Cabell County Courthouse on 27 day of January, 2006; that said legal advertisement was published on the following dates:

that the cost of publishing said annexed advertisement as aforesaid was \$441.00 that such newspaper in which such legal advertisement was published has been and is now published regularly, at least as frequently as once a week for at least fifty weeks during the calendar year as prescribed by its mailing permit, and has been so published in the municipality of Huntington, Cabell County, West Virginia, for at least one year immediately preceding the date on which the legal advertisement set forth herein was delivered to such newspaper for publication: that such newspaper is a newspaper of "general circulation" as defined in Article 3, chapter 59, of the West Virginia Code, within the publication area or areas of the municipality of Huntington, Cabell and Wayne Counties, West Virginia, and that such newspaper is circulated to the general public at a definite price or consideration, that such newspaper on each date published consists of not less than four pages without a cover; and that it is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices.

Taken, subscribed and sworn to before me in my said county this 27th day of February, 2006.

My Commission expires

January 10, 2012

Terri Mount

Constantine D. Rappold

Notary Public
Cabell County
West Virginia



Tariff Form No. 12
(Tariff Rule 44)

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The City of Milton has no resale class customers.

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**AFFIDAVIT EVIDENCING POSTING
OF TARIFF FORM NO. 12**

CITY OF MILTON
AFFIDAVIT OF PUBLIC NOTICE
BY POSTING

STATE OF WEST VIRGINIA,
COUNTY OF CABELL, to-wit:

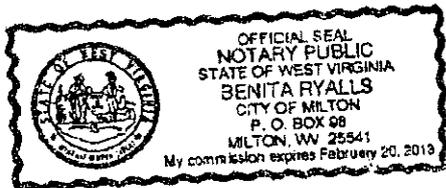
I, Kenneth Klingler, being first duly sworn upon my oath, do depose and say that I am the City Recorder of the City of Milton, and that I am duly authorized to execute this affidavit of public notice by posting.

The attached public notice, substantially in the form of Tariff Form No. 12 of the Public Service Commission of West Virginia's *Rules for the Construction and Filing of Tariffs*, 150 C.S.R. 2, and as required by 150 C.S.R. 2.22, 1.c.4., was first posted in a conspicuous place at Milton City Hall, 1139 Smith Street, Milton, West Virginia, where the City conducts its utility business with the public, on January 17, 2006. The notice remained posted until February 16, 2006

Kenneth Klingler

Taken, subscribed and sworn to before me in said county by Kenneth Klingler, in his capacity as City Recorder of the City of Milton, on this 16th day of February, 2006.

My Commission expires 2/20/2013



Benita Ryalls
NOTARY PUBLIC

Tariff Form No. 12
(Tariff Rule 44)

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

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City Hall
1139 Smith Street
Milton, West Virginia

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Council Meeting January 3, 2006

Meeting called to order by Mayor Sargent January 3, 2006 at 7:00 p.m.

Council Members present were: Mayor Sargent, Recorder Klingler, Council Members Bledsoe, Lewis, Legg, Mullins, and Holbert.

Invocation was given by Council Member Lewis and the Pledge of Allegiance was said in unison.

Council Member Legg moved to approve the agenda. Seconded by Council Member Mullins. Motion carried.

No one signed the 3-Minute Book to address Council.

Recorder Klingler gave a brief recap of previous minutes from council meeting December 20 and the Work Session and Special Meeting December 15, 2005, a full copy of these minutes are posted on the bulletin board. Council Member Bledsoe moved to approve. Seconded by Council Member Lewis. Motion carried.

Recorder Klingler presented the city bills for approval. Council Member Lewis moved to approve. Seconded by Council Member Holbert. Motion carried.

New Business

The following have received new business license:

1. Country Home Antiques, LLC, 1025 Main Street, Nancy Sue Szy, owner – retail sales
2. MEU, Inc., 1048 South Main Street, Greg Hatfield, owner – utility contractor, excavation

Mayor Sargent presented the following applications for building permits:

1. Everett Ross, 1259 Pike Street – windows, interior walls, cabinets – owner contractor
2. MEU, Inc.- demolition of building at 1050 South Main Street for Florabelle Bias – Gregg Hatfield, contractor

Council Member Bledsoe moved to approve. Seconded by Council Member Legg. Motion carried.

Mayor Sargent asked for an update on the room addition for Kristy Scarberry on Heck Street. City Engineer Leo Merrimee stated a letter has been sent giving 30 days to resolve the problem and they have not responded yet but have until January 8.

Council Member Klingler asked Council to review the building permit application to see if anything needs to be added or deleted. Give any suggestions to Leo and we will get a final draft.

Council Member Legg had a letter from the Milton Housing Authority requesting the use of our City Attorney. They are in the process of beginning the project for the senior housing near Pine Haven and are requesting the use of our City Attorney. Council Member Legg moved to allow the Housing Authority use of our City Attorney for 2-4 hours. Seconded by Council Member Bledsoe. Motion carried. Council Member Legg invited everyone to the Housing Authority meeting at 6:00 p.m. on January 9 at the Annex.

Council Member Bledsoe stated the cemetery has not been locked since the vote to have the police start locking. Recorder Klingler spoke with an employee regarding if the gates were operable since they haven't

been closed for a couple of years and if we had locks. They were to get him the keys to pass on but he hasn't received any keys. Council Member Bledsoe stated that would be taken care of in the morning.

Council member Klingler moved to send City Clerk Benita Ryalls to an Election Seminar in Charleston, on January 23. Seconded by Council Member Lewis. Motion carried.

Mayor Sargent read a resolution for the Local Economic Development Assistance Program allowing an application to be submitted for budget digest funds. Recorder Klingler moved to approve. Seconded by Council Member Mullins. Motion carried.

Council Member Holbert asked for a work session to discuss a plan for the storm water project. This has nothing to do with water and is a federal mandated project that we have to implement. This will cost the citizens money. The joint work session with the Utilities Commission is set for Thursday, January 12 at 7:00 p.m. Council Member Bledsoe asked what this would cost. Council Member Holbert stated Council makes that decision.

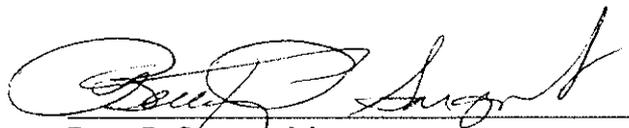
Recorder Klingler informed Council it was brought to his attention that our employee handbook cannot supersede state law and the police follow state law on holidays. It states if a legal holiday falls on an officer's regular scheduled day off they are allowed equal time off at a time as may be approved by the Chief of Police or an alternative would be time and a half at their regular rate of pay. Recorder Klingler moved this be put in the handbook and that Council agrees to pay the time and a half to avoid tracking time. Seconded by Council Member Holbert. Motion carried.

Mayor Sargent introduced Michael Griffith CPA for the Utilities Commission who has a recommendation from the Commission. Mr. Griffith presented council with changes to the cash flow statement which removed funds for a management position. He feels comfortable if the rates in this document are adopted it will set forth a positive cash flow for 12 months from when they are enacted. He would recommend Council accept these rate increases in 2 steps and that council approve this first reading of the proposed water rate increase. Council Member Holbert moved to approve. Seconded by Council Member Klingler. Roll call vote was taken with 5 – yes and 1 – no. Motion carried. A public hearing will be scheduled prior to the second reading at the next council meeting on January 17.

Mayor Sargent informed Council, weather permitting, the Mason Street sidewalk will be removed and repoured on Thursday.

Council Member Holbert asked everyone to keep the miners and their families in your prayers.

Council Member Legg moved to adjourn at 7:55 p.m. Seconded by Council Member Mullins. Motion carried.


Betty P. Sargent, Mayor

Attest 
Kenneth Klingler, Recorder/ Treasurer

Please Note:

The following meetings for the City of Milton will take place on Tuesday, January 17, 2006 at 1139 Smith Street, Milton, West Virginia:

**Milton Utilities Commission
5:00 p.m.**

**City of Milton Public Hearing
6:00 p.m.**

**City of Milton Council Meeting
7:00 p.m.**

Council Meeting

January 17, 2006

Meeting called to order by Mayor Sargent January 17, 2006 at 7:00 p.m.

Council Members present were: Mayor Sargent, Recorder Klingler, Council Members Bledsoe, Lewis, Legg, Mullins, and Holbert.

Invocation was given by Council Member Lewis and the Pledge of Allegiance was said in unison.

Council Member Bledsoe moved to approve the agenda. Seconded by Council Member Mullins. Motion carried.

No one signed the 3-Minute Book to address Council.

Recorder Klingler gave a brief recap of previous minutes from Council Meeting January 3, 2006, a full copy of these minutes are posted on the bulletin board. Council Member Legg moved to approve. Seconded by Council Member Lewis. Motion carried.

Recorder Klingler presented the city bills for approval. Council Member Lewis moved to approve. Seconded by Council Member Holbert. Motion carried.

Old Business

Mayor Sargent gave an update on Pine Haven Drive. Council Member Holbert, Legg, City Engineer Leo Merrimee, and the Mayor met with Tom Stanley and David Walters last week. Mr. Stanley is having the property surveyed for a correct legal description so he can present it to the City in order for the City can take the street over. They discussed the guardrail and Mr. Stanley stated at this point he is willing to pay 1/3 of the cost, the City will pay 1/3 and since there was no guardrail before he would like for the residents of Pine Haven to pay 1/3. This doesn't have to be decided until the City gets an exact legal description and then Council can decide what they want to do before approaching Mr. Stanley again or meeting with the residents of Pine Haven. Total cost for the guardrail is \$3740.00. This will go on the next agenda.

Mayor Sargent stated the time frame is up for a response to the letter sent to Kristy Scarberry regarding an illegal structure. Council Member Klingler contacted the City Attorney and gave him this update of events:

- Kristy Scarberry purchased home on 1025 Heck Street
- demolished old house
- received a permit to move in mobile home
- since mobile home was moved in (approximately early November) a room was added on the side of mobile home which is approximately 2 feet on City property and this does not include a 5 foot setback
- there is no lower floor elevation certificate which is required by FEMA
- no building permit for the room addition
- the City has corresponded both by letter and verbally with the owner and as of January 16, 2006 they have made no attempt to rectify the situation, in fact have continued to add siding and underpinning to the illegal structure knowing that there was a problem.

All this information was faxed to the City Attorney who will notify the owner and inform the City of the next step in this matter.

New Business

The following have received new business license:

1. McCam Builders, 2033 Saunders Creek, Arthur McKinney, owner

Council Member Klingler spoke with the City Engineer regarding changes to the building permit application and asked Council to approve the changes as indicated on the form. Council Member Klingler moved. Seconded by Council Member Bledsoe. Motion carried.

Mayor Sargent introduced Michael Griffith, CPA who will present the 2nd reading of the Ordinance Establishing and Fixing Rates, Fees and Charges of the Municipal Water Department of the City of Milton. Mr. Griffith stated we have had the 1st reading and the public hearing as it relates to the rates before council. First it does not have anything to do with sewer rates and charges which is based on how much water is used not on the dollar amount of your water bill. The average residential customer uses 4000 gallons per month and currently pays \$18.40. When the second phase of rates that are pending go into effect, the same customer will pay \$30.65. The percentages for each customer will vary due to the amount of water used by each customer. The percent we are quoting is based on the average residential customer using 4000 gallons and will be a 66.6% increase in two steps. If there is complaint filed with the Public Service District, they will then calculate the rates themselves. After much discussion Council Member Holbert moved to accept the second reading. Seconded by Recorder Klingler. Roll call vote was taken with 5 yes and 1 no. Motion carried. Mayor Sargent encouraged everyone, including Council, to attend the water meetings so they will be better informed.

Council Member Legg presented Council with a Financial Statement from the Housing Authority for the last quarter of 2005.

	Income	Expense	Cash on Hand
Sunrise Apartments	\$ 9,581.57	\$ 9,565.63	\$21,455.97
Milton Manon	\$12,915.25	\$12,881.21	\$12,990.66

Mayor Sargent read the Police Report for December 2005. Council Member Lewis moved to accept. Seconded by Council Member Legg. Motion carried.

Recorder Klingler read the Financial Report for December 2005. Council Member Bledsoe moved to accept. Seconded by Council Member Lewis. Motion carried.

Recorder Klingler moved for Council to approve sending Cameron Ernst and Benita Ryalls to the WVML 2006 Budget Preparation Workshop in Charleston on February 8. Seconded by Council Member Legg. Motion carried.

Recorder Klingler gave Council an update on collection of delinquent B&O Tax and business licenses. The City had approximately 25 businesses who were behind on taxes or had failed to renew or obtain a business license. Most have come in and taken care of everything with the exception of a couple, he will contact them again and if needed he will take an office with him to issue a citation.

Council Member Bledsoe moved to go into Executive Session at 7:40 p.m. Seconded by Council Member Lewis. Motion carried.

Meeting called back to order at 8:95 p.m. with no business transacted.

Council Member Legg moved to give Officer Larry Jividen a 4% pay increase. Seconded by Council Member Lewis. Motion carried.

Mayor Sargent announced Chief Mullins will be presenting a Meth Awareness class at Milton Baptist Church on Wednesday, January 18 at 6:45 p.m. with dinner at 6:00 p.m.

Mayor Sargent stated the sidewalk on Mason Street in front of her house is complete and the expense was paid for herself with no monies or labor being furnished by the City.

Council Member Legg moved to adjourn at 7:05 p.m. Seconded by Council Member Mullins. Motion carried.



Betty P. Sargent, Mayor

Attest 
Kenneth Klingler, Recorder/ Treasurer

3

3

3

3

.....



April 25, 2007

Betty Sargent, Mayor
1595 US Route 60, East
Milton, West Virginia 25541

Dear Ms. Sargent:

Enclosed is our bid and sample amortization schedule for the \$575,000 Water Refunding Revenue Bonds, Series 2007 A.

Borrower: Town of Milton
Principal Amount: \$575,000 approximately
Maturity: December 1, 2016, prepayment in whole or part at any time without penalty
Interest: **4.45% fixed rate, closing to occur within 60 days from 5/1/07**
Payment: Monthly amortization of P&I
Security: Pledge of net revenues from the water system
Tax Status: Bonds will be tax exempt and "bank qualified"
Draws: Entire principal drawn at closing
Legal Opinion: Steptoe & Johnson, PLLC

Thank you for your consideration.

Sincerely,

Chris Preston
Assistant Vice President
Ohio Valley Bank

cc: John C. Stump, Esquire
g/trust/rds/townofmilton





June 8, 2007

Town of Milton
Water Refunding Revenue Bonds, Series 2007 A

Town of Milton
Milton, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

The undersigned Richard D. Scott, Vice President, Trust of Ohio Valley Bank Company, Gallipolis, Ohio (the "Purchaser"), on behalf of the Purchaser in connection with its purchase of \$529,300 aggregate principal amount of the Water Refunding Revenue Bonds, Series 2007 A (the "Bonds"), issued by the Town of Milton (the "Issuer") on the date hereof, hereby makes the following representations and warranties to you that:

1. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal revenue obligations, to be able to evaluate the risks and merits of the investment represented by our purchase of the Bonds, and our net worth and available assets are such that we are able to bear the economic risk of our purchase of the Bonds.
2. We understand that the entire principal of and interest on the Bonds are payable by the Issuer solely from the Gross Revenues of the System (as defined in the Ordinance of the Issuer enacted June 5, 2007), on a parity with the Issuer's Prior Bonds; that the Bonds are special and limited obligations of the Issuer and are not general obligations or secured by any obligation or pledge of any monies received or to be received by the Issuer other than the Gross Revenues described above; that the Bonds do not now and shall never constitute an indebtedness of the Issuer with in the meaning of any constitutional or statutory provision or limitation, all as set forth in the Ordinance.
3. We understand that no official statement, prospectus, offering circular or other offering statement containing material information with respect to the Issuer or the Bonds is being issued, that the Bonds are unrated, and that in due diligence, we have made our own inquiry and analysis with respect to the Issuer, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds, and are relying solely on such inquiry and analysis in our purchase of the Bonds.
4. We acknowledge that during the course of the transaction and prior to the sale of the Bonds, we have requested or have had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Bonds and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase the Bonds. No such information requested by us has been denied to us.
5. Because of our experience in financial and business matters, we believe that we are

qualified to make the inquiry and analysis described in paragraph 3 and to understand fully the documents and information described in paragraph 4.

6. We understand that the Bonds (a) are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service, and (d) may be resold only to purchasers who meet the criteria set forth herein and who, as a condition to such purchase, deliver an executed letter substantially in the form hereof to Steptoe & Johnson PLLC, Charleston, West Virginia.

7. We have been informed by Steptoe & Johnson PLLC, bond counsel to the Issuer, that the Internal Revenue Code of 1986, as amended (the "Code"), prescribes satisfaction of several requirements in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes, some of which apply after issuance of the Bonds, and that noncompliance by the Issuer with certain of such requirements could cause interest on the Bonds to be includable in gross income for federal income tax purposes and thus, subject to federal income taxation retroactively to the date hereof. We have also been informed by Steptoe & Johnson that under the Code, interest on obligations, such as the Bonds, which are not "private activity bonds," are not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations by Section 55 of the Code, but that a provision of the Code which is applicable to corporations (as defined for federal income tax purposes), and which would impose an alternative minimum tax on a portion of the excess of adjusted net book income over pre-book alternative minimum taxable income, could subject part of the interest on the Bonds received by corporations to such corporate alternative minimum tax.

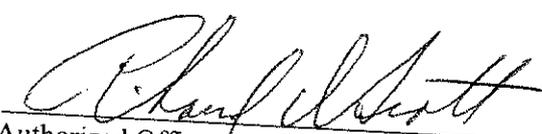
8. We are purchasing the Bonds for investment in our own account and do not intend to divide the Bonds purchased by us nor to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.

9. The Bonds and the other certificates, opinions and documents delivered in connection with the Bonds contain such terms and are in such form that are acceptable to the Purchaser.

10. We have had the opportunity to consult with and be advised by legal counsel as to the significance of this letter and we have satisfied ourselves that the Bonds are a lawful investment for us under all applicable laws.

Very truly yours,

THE OHIO VALLEY BANK COMPANY

By: 

Authorized Officer

609970.00003





Chase Tower, 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
John.Stump@steptoe-johnson.com

June 28, 2007

Town of Milton
Water Refunding Revenue Bonds, Series 2007 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

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.

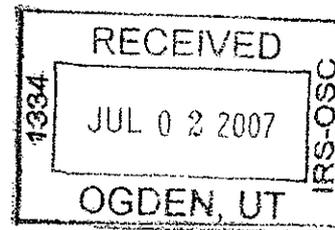
Very truly yours,

John C. Stump

JCS/bsl
Enclosure

609970.00003

CH900919.1



Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)

See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority If Amended Return, check here

1 Issuer's name Town of Milton	2 Issuer's employer identification number 55 0463689
3 Number and street (or P.O. box if mail is not delivered to street address) Post Office Box 98	Room/suite
4 Report number 3 07-01	5 City, town, or post office, state, and ZIP code Milton, West Virginia 25541
6 Date of issue June 8, 2007	7 Name of issue Water Refunding Revenue Bonds, Series 2007 A
8 CUSIP number N/A	9 Name and title of officer or legal representative whom the IRS may call for more information Betty Sargent, Mayor
10 Telephone number of officer or legal representative (304) 743-3032	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15 529,300
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe <input type="checkbox"/>	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

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, 2016	\$ 529,300	\$ 0.00	5.102 years	4.4500 %

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	529,300
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	5,480.75
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	523,819.25
28 Proceeds used to advance refund prior issues	28	-0-
29 Total (add lines 24 through 28)	29	529,300
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	0.00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds)

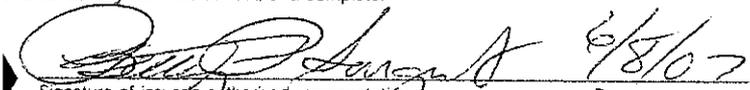
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	31	5.154 years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	32	n/a years
33 Enter the last date on which the refunded bonds will be called	33	June 8, 2007
34 Enter the date(s) the refunded bonds were issued	34	December 14, 1975

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	n/a
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	n/a
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	n/a
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer <input type="checkbox"/> and the date of the issue <input type="checkbox"/>		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>		
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>		
40 If the issuer has identified a hedge, check box <input type="checkbox"/>		

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

 **6/8/07**
 Signature of issuer's authorized representative Date Type or print name and title
Betty Sargent, Mayor



BOND ORDINANCE

THE TOWN OF MILTON, WEST VIRGINIA

WATER REVENUE BONDS,
SERIES 1996

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BOND ORDINANCE

Introduced in Council

Passed by Council

Introduced by

An Ordinance authorizing the issuance of The Town of Milton, West Virginia Water Revenue Bonds, Series 1996 in the aggregate principal amount not to exceed \$630,000 and the sale thereof to the United States Department of Agriculture, Rural Economic and Community Development; to finance, along with other funds and moneys of, or available to, The Town of Milton that may be lawfully expended for such purposes, the long-term cost of the acquisition and construction of certain additions, betterments and improvements to the water distribution system of The Town of Milton, West Virginia; providing for the rights and remedies of and security for the Registered Owners of the Water Revenue Bonds; and enacting other provisions related thereto.

BE IT ENACTED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF MILTON, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

A. "Act" means Article 19 of Chapter 8 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authorized Officer" means the mayor of The Town of Milton or any other officer of said Town specifically designed by resolution of the Council, as hereinafter defined.

C. "Bond" or "Bonds" means the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

D. "Bond Register" means the books of the Town maintained by the Registrar, as hereinafter defined, for the registration and transfer of Bonds.

E. "Bondholder," "Holder of the Bonds" or "Owner of the Bonds" or any similar term means any person who shall be the registered owner, as shown by the Bond Register, of any outstanding Bond.

F. "Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Bonds in substantially the form set forth in the Bond form contained herein.

G. "Commission" means the West Virginia Municipal Bond Commission and any successors thereto.

H. "Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.02.

I. "Consulting Engineer" means Haworth, Meyer & Boleyn Inc., consulting engineers, Charleston, West Virginia, and any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of water distribution system that shall at any time be retained by the Town as consulting engineers for the System, as hereinafter defined.

J. "Cost for Works" or similar phrases mean those costs described in Section 1.03(H) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

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

L. "Depository Bank" means a state banking corporation or national banking association, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the Federal Deposit Insurance Corporation, as shall be appointed by a resolution supplemental hereto, and any successor thereto.

M. "Depreciation Account" means the Depreciation Reserve created in Section 3.02(c)(4) of the Prior Ordinance and continued by Section 4.01(A)(2).

N. "Event of Default" means any event or occurrence specified in Section 7.01.

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

P. "RECD" means United States Department of Agriculture, Rural Economic and Community Development, and any successor thereto.

Q. "Government" means the United States Department of Agriculture, Rural Economic and Community Development, and any successor thereto, as the Original Bond Purchaser of the Original Bonds both as hereinafter defined.

R. "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.

S. "Gross Revenues" or "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 provisions 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 defined herein) or any connection charges.

T. "Independent Certified Public Accountant" means any firm of certified public accountants which shall be retained by the Town as independent accountants for the System, as hereinafter defined.

U. "Letter of Conditions" means the letter from RECD to the Town dated May 17, 1994, as amended and supplemented to the date hereof setting forth the conditions for purchase of the Original Bonds, and as may from time to time be supplemented and amended.

V. "Mayor" means the Mayor of the Town.

W. "Net Revenues" means Gross Revenues less Operating Expenses, as hereinafter defined.

X. "Operating Expenses" means the reasonable, proper and necessary cost 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 fiscal agents, registrars, paying agents and trustees, 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, if any, or interest on interim financing or 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.

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

Z. "Original Bonds" means the not to exceed \$630,000 in aggregate principal amount of Water Revenue Bonds, Series 1996 of the Town originally authorized to be issued and sold to the Government pursuant to this Ordinance and which will be specifically designated by a Supplemental Resolution.

AA. "Original Bond Purchaser" means the Government as purchaser, directly from the Town, of the Original Bonds issued pursuant hereto.

BB. "Outstanding," when used with reference to Bonds, as of any particular date, describes all Bonds, and when applicable, all Prior Bonds, theretofore and thereupon being issued and delivered except (a) any Bond cancelled by the Registrar, as hereinafter defined, at or prior to said date; (b) any Bond for the payment of which monies equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.07; and (d) with respect to determining an specified percentage of Bondholders for the purpose of consents, notices and the like, any Bond registered to the Town.

CC. "Paying Agent" means the bank or banks or other entity designed as such for the Bonds in a resolution supplemental hereto.

DD. "Prior Bonds" means the Town's Water Revenue Bonds, Series 1975, issued in the principal amount of \$1,180,000 and presently outstanding in the amount of \$896,593.05

EE. "Prior Ordinance" means the ordinance passed by the Council of the Town on August 4, 1975, authorizing the issuance of the Prior Bonds.

FF. "Project" means the additions, betterments and improvements to the existing municipal water distribution system of the Town described in Exhibit A attached hereto and incorporated herein by reference.

GG. "PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

HH. "Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Bank; Federal Home Loan Bank System; Federal Land Banks; or Governmental National Mortgage Association;

(c) 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;

(d) 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 any said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(e) Money market funds or similar funds, the only assets of which are investments of the type described on paragraphs (a) through (d) above;

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (c) 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 any said repurchase agreement either must mature as nearly as practicable coincident with the maturity of said repurchase agreement or must be replaced or increased so that the market

value thereof is always at least equal to the principal amount of said repurchase agreement, and provided further that the holder of such repurchase agreements 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;

(g) The "Consolidated Fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

(h) Tax-exempt securities.

II. "Recorder" means the Recorder of the Town.

JJ. "Registrar" means the Registrar for the Bonds which shall be appointed by a resolution supplemental hereto.

KK. "Reserve Account" or "Debt Service Reserve Account" means the Water Revenue Bond Debt Service Reserve Account established by Section 4.01(A)(1).

LL. "Reserve Requirement" means an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in any succeeding year.

MM. "Revenue Fund" means the Water Revenue Fund established in the Prior Ordinance and continued with the Depository Bank by Section 4.01(A).

NN. "State" means the State of West Virginia.

OO. "Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article, refers specifically to the supplemental resolution authorizing the sale of the Original Bonds to the Government; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

PP. "Surplus Revenues" means the Net Revenues not required by this ordinance to be set aside and held in, including but not limited to, sinking funds, the reserve accounts and the renewal and replacement funds for the payment of or security for the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

QQ. "System" means the complete existing water system now owned by the Town for a water supply system, in its entirety or any integral part thereof, and includes the Project and any extensions, additions, betterments and improvements thereto as authorized by this Ordinance, or hereafter constructed or acquired for said water distribution system from any sources whatsoever, within and without said Town.

RR. "Town" means The Town of Milton, municipal corporation of the State of West Virginia, and where appropriate, also means the Council thereof, and any department, board, agency or instrumentality thereof in control of the management and operation of the System.

SS. 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 and masculine or neuter gender shall include all other genders.

TT. 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 general accepted accounting principles.

UU. The terms herein, hereunder, hereby, hereto, hereof and any similar terms refer to this Ordinance; and the term hereafter means after the date of the enactment of this Ordinance.

VV. Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of This Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared that:

A. The Town now owns and operates a water system, furnishing water service to residences, premises and businesses residing or located within and without the area of the Town.

B. Certain improvements to the System were financed in part by the proceeds from the Prior Bonds authorized pursuant to the Prior Ordinance.

C. The Prior Bonds of the Town are currently outstanding in the principal amount of \$896,593.05

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

E. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed certain extensions, additions, betterments and improvements to the System in accordance with the plans and specifications prepared by the Consulting Engineers, which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof.

F. The estimated maximum cost of the construction of the Project is \$630,000, which will be permanently obtained from the proceeds of the Original Bonds herein authorized.

G. It is deemed necessary for the Town to issue its Original Bonds in an aggregate principal amount not to exceed \$630,000 to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements, and franchises deemed necessary therefor; the cost of the construction of said extensions, additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and the placing of the same in operation, and the performance of the things therein required or permitted, in connection with any thereof; the cost of designing the Project; the cost of interim financing for such Project, if any; interest on the Original Bonds prior to, during and for six months after the estimated date of completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of registrars, paying agents, depositories or other agents in connection with the issuance of the Original Bonds and such other expenses as may be necessary or desirable to said acquisition and construction of the Project and placing the same in operation and the financing authorized by this Ordinance.

H. The period of usefulness of the System after completion of the Project will not be less than forty years.

I. The estimated Gross Revenues to be derived in each year after the issuance of the Original Bonds from the operation of the System will be sufficient to pay all the cost of the operation and maintenance of said System, the principal of and interest on the Prior Bonds authorized to be issued pursuant to the Prior Ordinance, the principal of and interest on the Original Bonds authorized to be issued pursuant to this Ordinance and all sinking fund, reserve and other payments provided for in the Prior Ordinance and in this Ordinance.

J. The Town derives revenues from the System and upon the issuance of the Original Bonds the Town will grant the Government a second lien on the Gross Revenues of the System junior and subordinate to the lien of the Prior Bonds. The Town has received the written consent from the holder of the Prior Bonds consenting to the issuance of the Original Bonds as junior and subordinate to the Prior Bonds.

K. Prior to the sale of the Original Bonds, the Town will have complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, including, among other things, obtaining a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal having expired.

Section 1.04. Ordinance Constituting Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal Holders of such Bonds.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SYSTEM

Section 2.01. Authorization of Additions, Betterments and Improvements.
There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications prepared by the Consulting Engineers.

The Town has received bids or entered into contracts for the acquisition and construction of the Project.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds. Subject and pursuant to the provisions thereof, the Bonds of the Town to be known as "The Town of Milton, West Virginia Water Revenue Bonds", Series 1996 (the "Original Bonds") are hereby authorized to be issued in an aggregate principal amount not to exceed Six Hundred Thirty Thousand Dollars (\$630,000) for the purpose of permanently financing a portion of the Costs of the Project.

Section 3.02. Description of Original Bonds. The Original Bonds shall be issued in the form of a single bond for each series designated "Water Revenue Bond," No. R-1 in the principal amount not to exceed \$630,000, fully registered to the Original Bond Purchaser. The Original Bonds shall be dated on the date of delivery thereof. The Bonds shall bear interest from date of delivery but only upon the amounts advanced thereunder, payable monthly, commencing on the first day of the month following the month in which the Bonds are issued, at a rate not to exceed four and eight hundred and seventy-five thousandths percent (4.875%) per annum and shall be sold for an amount not to exceed par value thereof.

Notwithstanding any provision of the Bond to the contrary, each Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached thereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances, and payments shall cease to accrue on the amount Outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced thereunder, commencing the first day of the month following the month of delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and thereafter in installments of \$3,043 covering principal and interest on Bond No. R-1, on said corresponding day of each month, except that the final installment on the Bond shall be paid at the end of 40 years from the date of the Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided therein.

The Original Bonds shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the Town, shall be payable as provided in the Bond form hereinafter set forth and shall be subject to the other terms and provisions set forth in the Bonds and in the Supplemental Resolution.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.07, shall have been manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered, and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability; Registration. The Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Bondholder, in accepting any said Bond, shall be conclusively deemed to have agreed that such Bond shall be, and have all of the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State, and each successive Bondholder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value. So long as any of the Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Notwithstanding the foregoing, the Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon the transfer of a Bond, there shall be issued at the option of the

Bondholder or the transferee another 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 exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provision of this Ordinance. All Bonds surrendered in any such transfer shall forthwith be cancelled by the Registrar. For every such transfer of Bonds, the Registrar may make a charge sufficient to reimburse his office 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 said 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; provided, the Town shall pay any such expenses incurred in connection with a transfer or exchange by the Government. The Registrar shall not be obligated to make any such transfer of Bonds during the ten (10) days preceding any interest payment on the Bonds or after notice of any prepayment or redemption of the Bonds has been given.

Any registration or transfer of registration of Bonds shall include supplying the Registrar with a Federal Employer Identification Number of the Bondholder (or comparable identifying information if the Bondholder is not a corporate entity) and such other information and shall comply with such other requirements as shall be determined by nationally recognized bond counsel to be necessary to render the interest on the Bond excludable from gross income for purposes of federal income taxation.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may in its discretion issue and deliver, and the Registrar shall authenticate, a new Bond 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 the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town and the Registrar may prescribe and paying such expenses as the Town and the Registrar may incur. Any Bond so surrendered shall be cancelled by the Registrar and held for the account of the Town. If such Bond shall be matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bond issued pursuant to this section shall constitute as original, additional contractual obligation on the part of the Town, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such duplicate Bond shall be

entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.07. Form of Bonds. Subject to the provisions of this Ordinance, the text of the Original Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance, the Supplemental Resolution or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof, provided that the Original Bonds shall be issued in three series with such variations as are set forth in the supplemental resolution:

(Form of Bond R-1)

No. R-1
THE TOWN OF MILTON, WEST VIRGINIA
WATER REVENUE BOND, SERIES 1996

\$630,000

Date April 26, 1996

Registered Owner: United States of America
Rural Economic and Community Development
75 High Street
P. O. Box 678
Morgantown, WV 26505

FOR VALUE RECEIVED, THE TOWN OF MILTON, WEST VIRGINIA (herein called the "Borrower"), promises to pay to the order of the United States of America (herein called the "Government"), National Finance Office, 1520 Market Street, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing and in the manner provided below, the principal sum of Six Hundred Thirty Thousand Dollars (\$630,000) or such lesser amount as shall then be reflected on the Record of Advances and Payments attached hereto and incorporated herein by reference, plus interest on the unpaid principal balance at the rate of four and eight hundred and seventy-five thousandths percent (4.875%) per annum. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances and Payments attached hereto. Interest shall accrue only on the amount of each advance from its actual date as listed on said Record of Advances and Payments and shall cease to accrue on the amount outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments.

The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only on the amounts advanced hereunder, commencing the first day of the month following the month of delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and installments of \$3,043 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. This consideration shall support any agreement modifying the foregoing schedule of payments.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Extra payments, as defined in the regulations of the Rural Economic and Community Development, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government, shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government. The Borrower has granted to the Government a lien on the proceeds of the Bond until such proceeds are expended for authorized purposes.

This Bond is issued to permanently finance a portion of the cost of construction and acquisition of certain additions, betterments and improvements to the Town's water distribution system (the "Project") (the Project, together with the existing water distribution system of the Town and any further extensions, additions, betterments and improvements thereto, herein called the "System") under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 19 of Chapter 8 of the Code of West Virginia, 1931, as amended, and an ordinance duly enacted by the Town Council of The Town of Milton on the ____ day of April, 1996, as supplemented by a resolution duly adopted by said Town Council on the ____ day of April, 1996 (herein collectively called the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Ordinance.

THIS BOND HAS A SECOND LIEN ON THE REVENUE OF THE SYSTEM JUNIOR AND SUBORDINATE TO THE FIRST LIEN PARITY POSITION WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT OF THE OUTSTANDING THE TOWN OF MILTON WATER REVENUE BONDS, SERIES 1975, ISSUED IN THE ORIGINAL PRINCIPAL SUM OF \$1,180,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of a second lien on the Gross Revenues (as defined in the Ordinance), junior and subordinate to the lien of the

Prior Bonds, to be derived from the operation of the System, moneys in the Debt Service Reserve Account created in the Ordinance (the "Debt Service Reserve Account") and unexpended process of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of, and interest on, this Bond, the Prior Bonds and the Bonds and all bonds which may issued for the construction, acquisition, improvement, extension or betterment of such System as an when the same become due and payable, and which shall be set aside and remitted to the Holder of the Prior Bonds pursuant to the Prior Ordinance and to the Government as provided herein and in the Ordinance. This Bond does not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Borrower be obligated to pay the same or the interest hereon except from the Net Revenues as defined in the Ordinance, derived from the operation of said System, the moneys in the Debt Service Reserve Account and unexpended Bond proceeds. The Borrower in said Ordinance has covenanted and agreed that the schedule of rates or charges from time to time in effect shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, to pay all debt service on the Bonds and Prior Bonds and to leave a balance each year equal to at least 110% of the amount required to pay the amount due in any ensuing year of principal of and interest on the Bonds and on all obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Prior Bonds. Said Borrower has entered into certain further covenants with the owner of this Bond for the terms of which reference is made to said Ordinance. Remedies provided the owner of this Bond are exclusively as provided in the Ordinance, to which reference is here made for detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the owner or its duly authorized attorney or legal representative duly authorized in writing.

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

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from responsible cooperative or private credit source at reasonable rates and

terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts connected with the issuance hereof, as provided by law and the Ordinance, shall be applied solely to the costs of acquisition and construction of the Project, and there shall be and hereby is created and granted a lien upon such monies, 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 an in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said Town, 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 of said Town have been pledged to and will be set aside into said special fund by said Town for the prompt payment of the principal of and interest on this Bond.

All provisions of the Ordinance, 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.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Rural Development Act of 1972. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

IN WITNESS WHEREOF, The Town of Milton has caused this Bond to be signed by its Mayor, attested by its Recorder and its corporate seal to be impressed hereon, all as of the date first written above.

THE TOWN OF MILTON
(Name of Borrower)

(Signature of Executive Official)

Mayor
(Title of Executive Official)

1139 Smith Street
(Post Office Box No. or Street)

Milton, West Virginia 25541
(Town, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

(Signature of Attesting Official)

Town Recorder
(Title of Attesting Official)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Bond described in the within-mentioned Ordinance and has been duly registered as of the date set forth below in the name of the United of America.

Dated: _____

Registrar

By:

Its Authorized Officer

RECORD OF ADVANCES AND PAYMENTS

Advances

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	

TOTAL: \$ _____
Pay to the Order of _____

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ECONOMIC AND COMMUNITY
DEVELOPMENT

By: _____

(Title)

Payments

Date	Amount	Initialed By
(1)	\$	
(2)	\$	
(3)	\$	
(4)	\$	
(5)	\$	
(6)	\$	
(7)	\$	
(8)	\$	
(9)	\$	
(10)	\$	

TOTAL: \$ _____
Pay to the Order of _____

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ECONOMIC AND COMMUNITY
DEVELOPMENT

By: _____

(Title)

[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Town covenants with the Bondholders as follows:

A. Continuation and Establishment of Revenue Fund and Disposition of System Revenues. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Town in the Revenue Fund which was established under Section 3.02(B) of the Prior Ordinance and which is continued hereby. 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 Town and used only for the purposes and in the manner herein provided. All revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority.

(1) First, from the moneys in the Revenue Fund, the Town shall make the payments required by Sections 3.02(c)(1)(2) and (3) of the Prior Ordinance. Thereafter, the Town shall on the first day of each month, commencing on the first day of each month commencing thirty (30) days following delivery of the Original Bonds, apportion and set apart out of the Revenue Fund and remit to the office and place designated by the Original Bonds (herein called the "Sinking Fund") the monthly payment of interest set forth in the Supplemental Resolution or such lesser amount as is required to pay the interest on the Bonds as evidenced by the Record of Advances and Payments attached to the Bonds as set forth in the Bond form in Section 3.07.

(2) Next from the moneys in the Revenue Fund, the Town shall on the first day of each month provided by the Supplemental Resolution, apportion and set apart from the Revenue Fund and remit to the Sinking Fund the monthly payment of principal set forth in the Supplemental Resolution or such lesser amount as is evidenced by the Record of Advances and Payments attached to the Bond as set forth in the Bond form in Section 3.07, such amount or amounts being the amount required to amortize the principal of the Bonds over the life of the Bonds.

The deposits to the Sinking Fund provided in this paragraph and in (1) above, constitute actual payments of principal and interest on the Bonds issued to the Government. The amounts required for principal and interest payments on the Bond issued hereunder, other than the Bonds sold to the Government, shall be deposited into a sinking fund created by a Supplemental Resolution. As long as the Government is the owner of the Original

Bonds the payment of the principal and interest shall be made to the Government at the place designated in writing by the Government.

(3) After all the Prior Bonds are paid in full, the Town shall pay all Operating Expenses of the System after the transfers required in (1) and (2) above.

(4) The Town shall next transfer from the Revenue Fund and simultaneously shall deposit in a Debt Service Reserve Account at the Commission or at a banking institution approved by the Government (herein the "Debt Service Reserve Account"), or in the case of bonds other than the Original Bonds in the reserve account in the sinking fund or otherwise as designated by Supplemental Resolution, on the first day of each month of each year, beginning with and including the month in which payments from the Revenue Fund for principal on the Bonds are commenced, an amount equal to 120th of the Reserve Requirement.

No further payments shall be made into the Debt Service Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. Moneys in the Debt Service Reserve Account shall be used only for the purpose of payment of principal of or interest on the Bonds when moneys in the Revenue Fund or, in the case of Bonds other than the Original Bonds, the funds in the sinking fund created by Supplemental Resolution are insufficient therefor and for no other purpose.

Any withdrawals from the Debt Service Reserve Account which result in a reduction in the balance of the Debt Service Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Fund and Debt Service Reserve Account for the Bonds and the Prior Bonds, including any deficiencies for prior payments, have been made in full.

As and when additional bonds ranking on a parity with the Original Bonds and the Prior Bonds are issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such Additional Bonds and to accomplish retirement thereof at or before maturity and to accumulate a balance in the respective Debt Service Reserve Accounts in an amount equal to the maximum provided and required to be paid in principal and interest in any succeeding year for account of all the Bonds and the Prior Bonds.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the Town shall next, on the first day of each month commencing with the month succeeding the first full calendar month after commencement of operation of the Project, remit to the Depository Bank for deposit in the special account created in Section 3.02(c)4) of the Prior

Ordinance and continued hereby designated the "Depreciation Account," which account is a sum equal to \$100 (\$1,200 per year). No further payments shall be required to be made into said Depreciation Account when there shall have been deposited therein, and so long as there shall remain on deposit therein, an amount equal to \$30,000. All funds in said Depreciation Account shall be kept apart from all other municipal funds, and all or any part of said fund may be invested as provided by Article X. Withdrawals and disbursements may be made from said Depreciation Account for replacements, emergency repairs, additions, betterments or improvements to the System, deficiencies in the payment of principal and interest on the Prior Bonds, the Original Bonds, or debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such additions, betterments or improvements.

(6) If all of the above required payments are then current, the Town may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the Bonds outstanding in accordance with the terms thereof, (b) additions, betterments or replacements to the System which the Consulting Engineers certify are needed and/or (c) payments of principal and interest on subordinate water distribution and sewerage system revenue bonds or other obligations which may hereafter be issued by the Town.

B. All of the funds and accounts provided for above shall constitute trust funds and shall be used only for the purposes provided herein.

C. The moneys in excess of the sum insured by the maximum amounts insured by the Federal Deposit Insurance Corporation in the Revenue Fund, in the Debt Service Reserve Account and in the Depreciation Account shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

D. 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 on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority as set forth in Paragraph A above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account higher of priority. No such deficiency shall exist solely because this required payment in the Debt Service Reserve Account have not, as of such date, funded such account to the requirement therefor.

E. All remittances made by the Town to the Government or to the Commission shall clearly identify the fund or account into which each account is to be deposited.

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

Section 4.02. Excess Bond Proceeds. The Town shall apply any excess proceeds from the Original Bonds not required by the Project as instructed in writing by the Government.

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Bond Proceeds.

From the moneys from time to time received from the sale of the Original Bonds, the following amounts shall be first deducted and deposited as follows:

A. The sum required, with other moneys available therefor, to pay interest on the Original Bonds during construction and for a period up to six months thereafter shall be deposited in the Construction Trust Fund, hereinafter created.

B. The sum necessary to pay the Cost of the Project shall be deposited in the Construction Trust Fund.

Section 5.02. Construction Trust Fund.

There is hereby created with the Depository Bank a special fund to be known as the "Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Town, and shall be drawn out, used and applied by the Town solely for the payment of the costs of construction and acquisition of the Project and purposes incidental thereto, for the payment of interest on the Original Bonds during construction and for a period up to six months thereafter and for no other purposes whatsoever. The moneys in said fund shall be secured at all times by the deposit by such bank, as security, of Government Obligations having a fair market value at least equal to the balance in said fund in excess of the amount insured by the Federal Deposit Insurance Corporation. Any moneys not needed immediately for said purposes may, with the consent of the Government and the Consulting Engineers, be invested pursuant to Article VIII and in compliance with the Letter of Conditions. If for any reason the amounts on deposit in the Construction Trust Fund are not necessary for, or are not applied to, such purposes, then such unapplied amounts shall be deposited by the Town as determined by the rules and regulations of the Government. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys, until so applied, in favor of the Holders of the Original Bonds herein authorized.

Expenditures or disbursements from said Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Original Bonds shall be made only after such expenditures or disbursements have been approved in writing by the Consulting Engineers, the Authorized Officer and the Government.

ARTICLE VI

ADDITIONAL COVENANTS OF THE TOWN

Section 6.01. General Covenants of the Town. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Town and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Bondholders as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Bonds or the interest thereon is Outstanding and unpaid or until there shall have been set apart in the Sinking Fund and Debt Service Reserve Account with respect to Bonds other than the Original Bonds, a sum sufficient to pay when due, the entire principal amount of the Bonds remaining unpaid, together with interest accrued and to accrue thereon.

Section 6.02. Bonds Not To Be Indebtedness of the Town. The Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from a pledge of a second lien, junior and subordinate to the lien of the Prior Bonds, on the Gross Revenues of the System, as herein provided. No Holder or Holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues; Statutory Mortgage Lien. The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a second lien on the Gross Revenues derived from the operation of System, junior and subordinate to the lien of the Prior Bonds, to the extent necessary to make the payments required under Section 4.01. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds herein authorized, and to make the payments into the Sinking Fund and Debt Service Reserve Account and all other payments provided for in this Ordinance and the Prior Ordinance, are hereby irrevocably pledged in the manner provided herein and therein, to the payment of the principal of and interest on the Bonds herein authorized and the Prior Bonds as the same become due, and for the other purposes provided in this Ordinance.

For the further protection of the holder of the Bonds, the statutory mortgage lien upon the System created by Chapter 8, Article 19, Section 4 of the Code of West

Virginia, 1931, as amended, is hereby specifically recognized by the Town but such lien will be junior and subordinate to the lien of the Prior Bonds.

Section 6.04. Rates. Prior to the issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file in the Office of the Recorder each of which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be sufficient to pay the Operating Expenses of the System, provide an adequate Debt Service Reserve Account and adequate Depreciation Account and pay the principal of and interest on the Prior Bonds and all Bonds issued 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 Town hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable Operating Expenses of the System, and (ii) to leave a balance each Fiscal Year equal to the maximum amount required in any succeeding Fiscal Year for the payment of principal of and interest on the Prior Bonds and to leave a balance each Fiscal Year equal to at least 110% of the average annual debt service on the Prior Bonds and the Bonds Outstanding and of the average annual debt service of any other obligations of the Town payable from revenues of the System.

Section 6.05. Completion, Operation and Maintenance. The Town will expeditiously complete the Project in accordance with the plans and specifications prepared by the Consulting Engineers, subject to changes permitted by the Town and the Government, and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided in this Ordinance.

Section 6.06. Sale of the System. So long as the Original Bonds are Outstanding, the System may be sold, transferred, mortgaged, leased or otherwise disposed of or encumbered only with the written consent of the Government, and such consent will specify the disposition of any such sale or transfer. So long as the Prior Bonds are outstanding, the System may be sold, transferred, mortgaged, leased, or otherwise disposed of only in accordance with the terms of the Prior Ordinance and with the written consent of the Prior Bonds owner.

Section 6.07. General Covenant Against Encumbrances. The Town 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 Original Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Original Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof, except as provided in Section 6.08.

Section 6.08. Issuance of Additional Bonds. No additional Bonds payable out of the revenues of the System, shall be issued after the issuance of the Original Bonds pursuant hereto, except with the advance written consent of the Government.

Section 6.09. Insurance and Bonds. The Town hereby covenants and agrees that, so long as the Bonds remain Outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System, including machinery and equipment housed therein, in an amount equal to the greater of the actual cost or fair market value thereof. In the event of any damage to or destruction of any portion of the System, the Town will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Town will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Town during construction of the Project in the full insurable value thereof.

B. Public Liability Insurance, with limits of not less than \$500,000 for personal liability to protect the Town from claims for bodily injury and/or death and not less than \$200,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

C. Vehicular Public Liability Insurance, in the event the Town owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Town is operated for the benefit of the Town, with limits of not less than \$500,000 for personal liability to protect the Town from claims for bodily injury and/or death and not less than \$200,000 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.

D. Workers' Compensation Coverage for All Employees of the System 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 contractor dealing directly with the Town, and such payment bonds will be filed with the Clerk of the County Commission of Cabell County prior to commencement of construction of the Project in compliance with the West Virginia Code, Chapter 38, Article 2, Section 39.

E. Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Revenue Fund or of any other funds or valuable property of the System 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 required by the Government and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time.

F. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this section, during construction of the Project and so long as the Government holds any of the Bonds, the Town will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Town, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, as long as such amounts are not less than any amounts required by the Prior Ordinance if the Prior Bonds are Outstanding, and with insurance carriers or bonding companies acceptable to the Government.

Section 6.10. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Ordinance shall have the right at all reasonable times to inspect the System and all parts thereof, and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow generally accepted accounting practices to the extent allowed by the uniform system of accounts promulgated by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, books, and other bookkeeping records as prescribed by the Town. The Town 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 Town shall be reported to such agent of the Town as the Council of the Town shall direct.

The Town shall, at least once a year, cause the books, records and accounts of the System to be audited by an Independent Certified Public Accountant and shall mail the

report of said Independent Public Accountant to the Government and, upon request, to any other Holder or Holders of the Bonds. The Government, so long as it holds all the Bonds, may permit substitution of a copy of the annual audit report by the office of the State Tax Commissioner for the copy of an annual audit report by an Independent Certified Public Accountant.

The Town shall retain all records, books and supporting material for a period of three years after the issuance of such audit reports and financial statements, and such material, upon request, will be made available to the Government, the Controller General of the United States of America or their representatives.

Section 6.11. Fiscal Year Budget. While the Original 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 thirty days prior to the beginning of each Fiscal Year, the Town agrees to adopt the annual budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of such annual budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Council. Copies of each annual budget shall be delivered to the Government by the beginning of each Fiscal Year.

If for any reason the Town shall not have adopted the annual budget before the first 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 year next preceding by more than ten percent (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 the Town's failure to submit an annual budget shall be for a reason beyond the control of the Town. Each such budget of current expenses shall be delivered and mailed immediately as in the case of the annual budget.

Section 6.12. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town shall avail himself 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 Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived

from the operation of the System, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the System.

Section 6.13. Enforcement of Collections. The Town 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 laws of the State.

The Town further covenants and agrees that it will, to the full extent permitted by law, and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System for nonpayment of the fees, rentals or other charges for the services and facilities of the System, and will not restore such services until all delinquent charges for the services and facilities of all parts of the System, plus reasonable penalties and charges for the restoration of service, have been fully paid.

Section 6.14. No Competing Franchise. To the extent allowable by law, the Town will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality, for the providing of any services which would compete with services provided by the System.

Section 6.15. Consulting Engineer. The Town will retain recognized, qualified independent Consulting Engineers on an annual basis to supervise generally the operation, maintenance and renewal of the System, and to report annually to the Town in writing their recommendations and comments as to the System. Such annual report of the Consulting Engineers, or a summary thereof, shall be made available at reasonable times to the Government and to any Bondholder requesting the same.

Section 6.16. PSC Order. The Town shall comply with the conditions of the PSC Order and any supplemental or amendment thereto.

Section 6.17. Connections. 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.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Failure to make payment of the principal of any of the Bonds either at the date therein specified for its payment or on the date fixed for redemption by proceedings for redemption, or otherwise;

B. Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

C. Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Town contained in the Bonds, or in this Ordinance, or violation of or failure to observe any provision of any pertinent law, provided, that a default under any other agreement the Town has with the Government constitutes a default hereunder, and provided that any such failure or violation, excluding those covered in A and B above in this section, must continue for a period of thirty (30) days after written notice shall have been given to the Town by any Bondholder specifying such failure or violation and requiring the same to be remedied.

D. If the Town files a petition seeking organization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 7.02. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, if the Government is the Holder or any of the Bonds outstanding, the Government, at its option, may:

A. Declare the entire principal amount of the Bonds held by it then outstanding, and any interest accrued thereon, immediately due and payable;

B. For the account of the Town, incur and pay reasonable expenses for repair, maintenance and operation of the System and such other reasonable expenses as may be necessary to cure the cause of default; or

C. Take possession of the System and repair, maintain and operate such facilities.

Section 7.03. Remedies and Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System, and segregation of the revenues therefrom and the application thereof. Upon the happening of an Event of Default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to change rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and the interest thereon, the deposits into the funds and accounts hereby established as herein provided, and the payment of Operating Expenses of the System, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Prior Ordinance, this Ordinance and the Act. The rights of the Bondholders shall be junior and subordinate to the rights of the holders of the Prior Bonds.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and Holders of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell,

assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE VIII

INVESTMENTS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The 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 and investments in the "consolidated fund" of the West Virginia State Board of Investments shall be valued at par. The Town shall direct the Depository Bank to 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 wilful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

A. Qualified Investments acquired from the Debt Service Reserve Account shall have maturities or be subject to redemption at the option of the holder within five (5) years from the date of acquisition provided that all investment earnings on moneys in the Debt Service Reserve Account shall be transferred, not less than once a year, to the Revenue Fund and applied in full to the next ensuing principal payment due on the Bonds.

B. Qualified Investments acquired for the Depreciation Fund shall have maturities or be subject to redemption at the option of the holder within ten (10) years from the date of acquisition.

C. Qualified Investments may be purchased for the Debt Service Reserve Account or the Depreciation Fund either in the open market or from the Construction Trust Fund. If so purchased from the Construction Trust Fund, such Qualified Investments shall be purchased at a price equal to their original purchase price plus accrued interest.

Section 8.02 Wetlands Covenant. The Issuer shall not use any Bond proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. Failure to comply with this covenant shall constitute an Event of Default under Section 7.01(C) of this Resolution.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto shall be made without the consent in writing of the Holders of sixty-six and two-thirds or more in principal amount of the bonds then outstanding; provided, however, that no change shall be made in the maturity of any Bond or Bonds, or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal of and interest on the Bonds as the same shall become due out of the Gross Revenues. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent of 75% of the Holders of each series of Bonds outstanding to waiver or modification of the limitation upon issuance of Additional Bonds contained in Section 6.08.

Section 9.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 9.03. Table of Contents and Headings. The Table of Contents and headings of the articles, sections or subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 9.04. Award and Delivery of Original Bonds. The Mayor and the Recorder of the Town are hereby authorized and directed to cause Bond No. R-1, representing all the Original Bonds, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery and further agrees to pay, from time to time and in the manner set forth herein and in the Supplemental Resolution, the principal and interest on Bond No. R-1.

Section 9.05. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinance in conflict with this Ordinance are to the extent of such conflict repealed; provided, however, that any loan resolution, or part thereof, adopted by the Town on Form FmHa 1942-47 shall not be repealed hereby.

Section 9.06. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have

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 Town Recorder and members of Council of the Town were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 9.07. Discharge and Satisfaction. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manners stipulated therein and in this Ordinance, then the respective pledges of the Gross Revenues, Original Bond proceeds and other moneys and securities pledged in this Ordinance, and all covenants, agreements and other obligations of the Town to the bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. Such prepayment, discharge and satisfaction shall be governed by the terms of the Letter of Conditions and the regulations promulgated by the Government.

Section 9.08. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in accordance with the Act.

First Reading: April 2, 1996

Second Reading
and Passage: April 9, 1996

Public Hearing and
Effective Date: April 23, 1996

THE TOWN OF MILTON, WEST VIRGINIA

By: Jeremy L. Harlow
Mayor

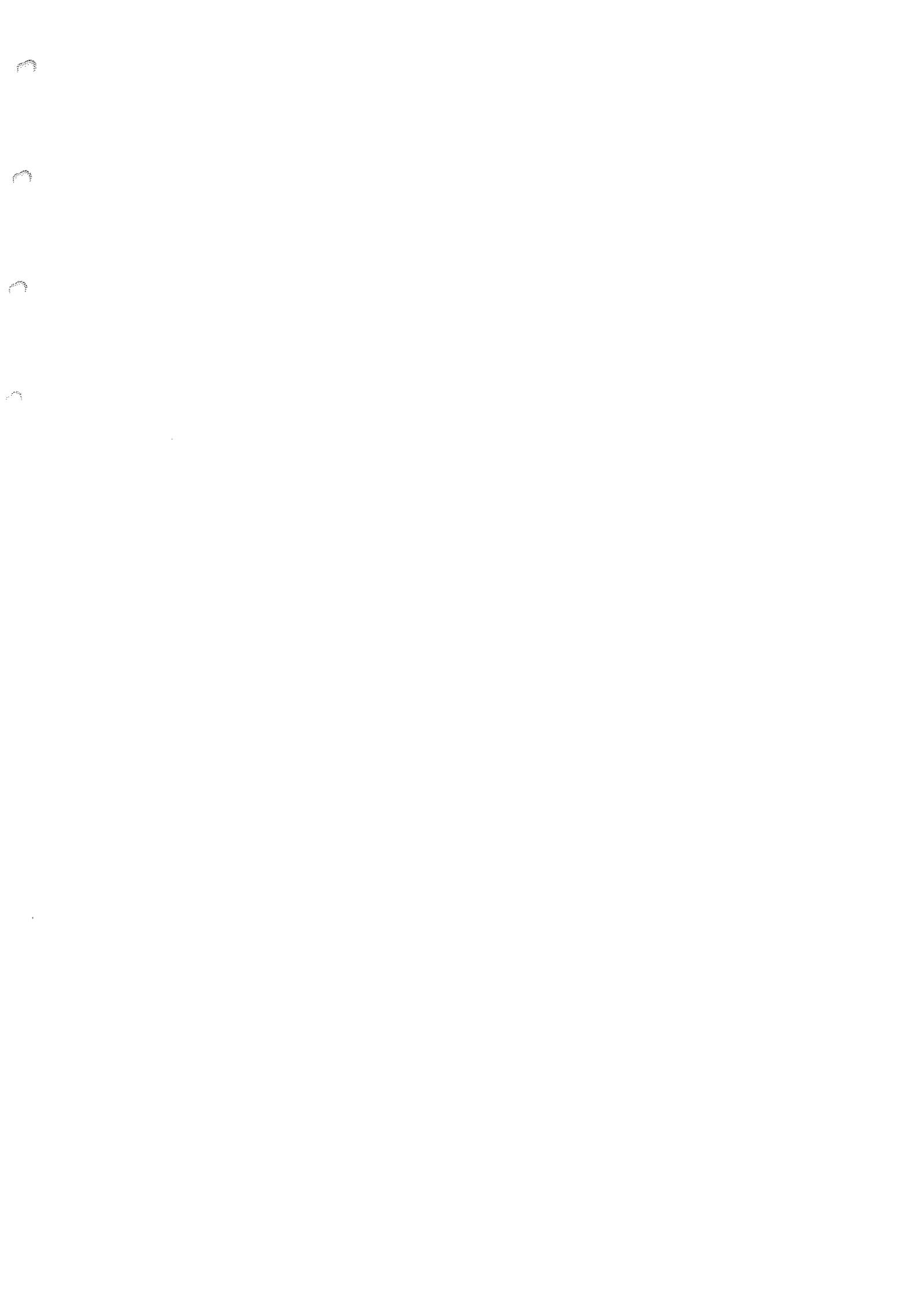
ATTEST:

[SEAL]

H. M. Adams
Town Recorder

CHASFS3:29211







**United States Department of Agriculture
Rural Development**
West Virginia State Office

June 8, 2007

Town of Milton
Water Refunding Revenue Bonds, Series 2007 A

CONSENT TO ISSUANCE OF PARITY BONDS

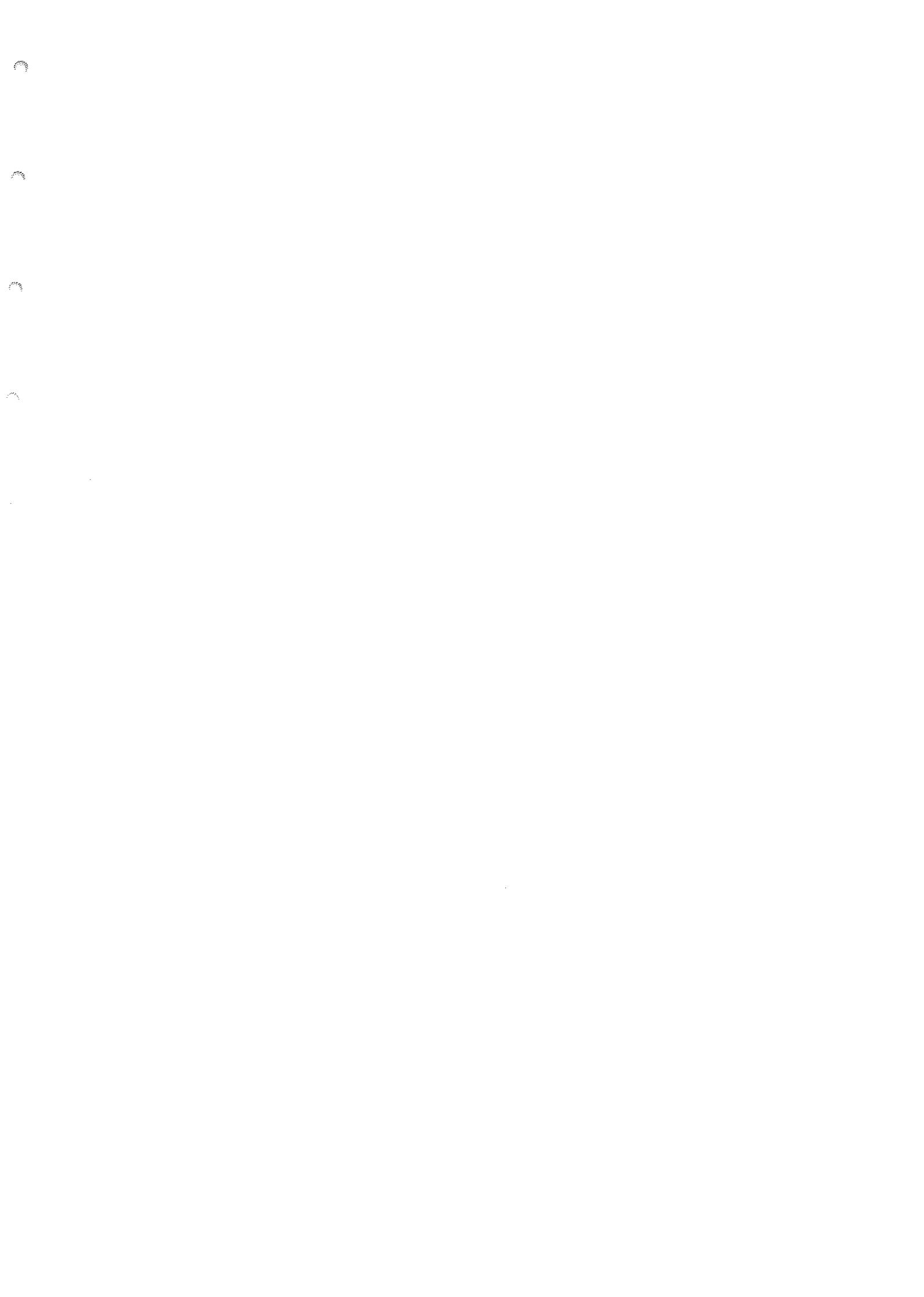
The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Refunding Revenue Bonds, Series 2007 A, in the original aggregate principal amount of \$529,300 (the "Bonds"), by the Town of Milton (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Bonds (the "Ordinance"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 26, 1996, issued in the original aggregate principal amount of \$630,000 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the ordinances authorizing the Prior Bonds (the "Prior Ordinances"), regarding the issuance of parity bonds which are not met by the Bonds or the Ordinance; and (iii) consents to any amendments made to the Prior Ordinances by the Ordinance specifically including, but not limited to, the amendment of the Prior Ordinances to provide that the Issuer is required to contribute 2 1/2 percent of Gross Revenues monthly to the Renewal and Replacement Fund.

Acting Cheryl L. Wolfe
State Director

75 High Street Federal Building • Suite 320 • Morgantown, WV 26505-7500
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: <http://www.rurdev.usda.gov/wv>

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TOWN OF MILTON

Water Refunding Revenue Bonds, Series 2007 A

RECEIPT AND RELEASE

Capmark Finance Inc., as successor in interest to General Motors Acceptance Corporation, as the holder of the Town of Milton's Water Revenue Bonds, Series 1975, dated December 14, 1976, issued in the original aggregate principal amount of \$1,180,000 (the "GMAC Bonds"), hereby certifies that it has this day received the sum of \$523,819.25 from the Town and that such sum is sufficient to pay the entire principal amount of and interest accrued on the GMAC Bonds to the date hereof and discharge the liens, pledges and encumbrances securing the GMAC Bonds.

Dated this 8th day of June, 2007.

CAPMARK FINANCE INC.

By: Paul J. Hemoly
Its: Authorized Officer

609970.00003

CH858157.2



CLOSING MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: June 8, 2007
Re: Town of Milton, Water Refunding Revenue Bonds, Series 2007 A

DISBURSEMENTS TO CAPMARK FINANCE, INC.

Payor: The Ohio Valley Bank Company
Source: Series 2007 A Bonds Proceeds
Amount: \$523,819.25
Form: Wire Transfer
Payee: Town of Milton
Bank: Bank One- Texas, NA
Routing #: 111-000-614
Beneficiary: Capmark Finance, Inc.
Account #: DDA No. 1825178252
Reference: Attn: Paula Hensley
Loan No.: 01-0592201

DISBURSEMENTS TO TOWN OF MILTON

Payor: The Ohio Valley Bank Company
Source: Series 2007 A Bonds Proceeds
Amount: \$5,480.75
Form: Check
Payee: Steptoe & Johnson PLLC

609970.00003

CH893713.1