STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

September 10, 2008

Town of Milton
Water Revenue Bonds, Series 2008 A and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Betty Sargent, Mayor
Town of Milton
1595 US Rt. 60 East
Milton, West Virginia 25541

Dear Mayor Sargent:

Enclosed is the transcript of closing documents for the above-referenced financing 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 C. Stump

JCS/rmc
Enclosures
cc: Distribution List (attached)

609970.00002

4982184

Town of Milton
Water Revenue Bonds, Series 2008 A and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Transcript Distribution List

Betty Sargent, Mayor
Town of Milton
1595 US Rt. 60 East
Milton, West Virginia 25541
Phone: 304.743.3032
Fax: 304.743.1872
E-Mail: *

Ronald J. Flora, Esquire
Attorney at Law
1115 Smith Street
Milton, West Virginia 25541
Phone: 304.743.5354
Fax: 304.743.4120
E-Mail: lawro77@aol.com

Robert R. Rodecker, Esquire
BB&T Square
300 Summers Street, Suite 130
Post Office Box 3713
Charleston, West Virginia 25337
Phone: 304.343.1654
Fax: 304.343.1657
E-Mail: rodecker@wvdsl.net

Jefferson Brady, Executive Director
WV Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301
Phone: 304.558.4607
Fax: 304.558.4609
E-Mail: jefferson.brady@verizon.net

Chris Jarrett, Executive Director
West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Phone: 304.558.3612
Fax: 304.558.0299
E-Mail: cjarrett@wvwda.org

Samme L. Gee, Esquire
Jackson & Kelly PLLC
1600 Laidley Tower (25301)
Post Office Box 553
Charleston, West Virginia 25322
Phone: 304.340.1318
Fax: 304.340.1080
E-Mail: sgee@jacksonkelly.com

Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Phone: 304.558.3971
Fax: 304.558.1280
E-Mail: sboardman@state.wv.us

John C. Stump, Esquire
Katy Mallory, P.E., Project Finance Manager
Steptoe & Johnson PLLC
Chase Tower, Seventh Floor
P.O. Box 1588
Charleston, West Virginia 25326-1588
Phone: 304.353.8196 (John)
Phone: 304.353.8161 (Katy)
Fax: 304.353.8181
E-Mail: john.stump@steptoe-johnson.com
E-Mail: katy.mallory@steptoe-johnson.com

TOWN OF MILTON

WATER REVENUE BONDS, SERIES 2008 A
AND
WATER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: JULY 30, 2008

BONDS TRANSCRIPT

STEPTOE & JOHNSON PLLC

John C. Stump, Esquire
707 Virginia Street, East
Chase Tower, Seventh Floor
Charleston, WV 25326
(304)353-8196
john.stump@steptoe-johnson.com

Vincent A. Collins, Esquire
1085 Van Voorhis Road
United Center, Suite 400
Morgantown, WV 26505
(304)598-8161
vincent.collins@steptoe-johnson.com

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A and Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Resolution
3. Infrastructure Council Loan Agreement Series 2008 A
4. Infrastructure Council Loan Agreement Series 2008 B
5. Public Service Commission Order
6. Infrastructure and Jobs Development Council Approval
7. Cross-Receipt for Bonds and Bond Proceeds
8. Direction to Authenticate and Deliver Bonds
9. Series 2008 A Specimen Bond
10. Series 2008 B Specimen Bond

OPINIONS OF COUNSEL

11. Approving Opinion on Series 2008 A Bonds of Steptoe & Johnson PLLC, Bond Counsel
12. Approving Opinion on Series 2008 B Bond of Steptoe & Johnson PLLC, Bond Counsel
13. Opinion of Counsel to Issuer

14. Opinion of Special PSC Counsel

15. Title Opinion

CERTIFICATES

16. General Certificate of Issuer and Attorney

17. Certificate of Engineer, with Schedule B Attached

18. Certificate of Certified Public Accountant

19. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

20. Charter

21. Rules of Procedure

22. Oaths of Office of Officers and Councilmembers

23. Water Rate Ordinance

24. Affidavit of Publication of Water Rate Ordinance and Notice of Public Hearing

25. Minutes on Adoption and Enactment of Water Rate Ordinance

26. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

27. Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution and First Draw Resolution

28. Municipal Bond Commission New Issue Report
    (A) Series 2008 A Bonds
    (B) Series 2008 B Bonds

MISCELLANEOUS DOCUMENTS

29. Acceptance of Appointment as Depository Bank

30. Acceptance of Duties as Registrar

31. Certificate of Registration of Bonds

32. Registrar's Agreement

33. Bureau of Public Health Permit

34. Evidence of Insurance

35. Prior Bond Ordinances

36. RUS Consent to Issuance of Parity Bonds

37. Evidence of Compliance with WV Jobs Act

38. Closing Memorandum

39. Sweep Resolution

TOWN OF MILTON

WATER REVENUE BONDS, SERIES 2008 A;
AND WATER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Ordinance
Section 1.02 Findings
Section 1.03 Bond Legislation Constitutes Contract
Section 1.04 Definitions

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION
OF THE PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Project

ARTICLE III

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

Section 3.01 Authorization of Bonds
Section 3.02 Terms of Bonds
Section 3.03 Execution of Bonds
Section 3.04 Authentication and Registration
Section 3.05 Negotiability, Transfer and Registration
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost

Section 3.07 Bonds not to be Indebtedness of the Issuer
Section 3.08 Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds
Section 3.09 Delivery of Bonds
Section 3.10 Form of Bonds
FORM OF SERIES 2008 A BOND
FORM OF SERIES 2008 B BONDS
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreements
Section 3.12 "Amended Schedule A" Filing

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Bond Construction Trust Fund

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds
Section 7.04 Initial Schedule of Rates and Charges
Section 7.05 Sale of the System
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Additional Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report
Section 7.11 Engineering Services and Operating Personnel
Section 7.12 No Competing Franchise

Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Connections
Section 7.17 Completion of Project; Permits and Orders
Section 7.18 Compliance with Loan Agreements and Law
Section 7.19 Securities Law Compliance
Section 7.20 Contracts; Change Orders; Public Releases
Section 7.21. Statutory Mortgage Lien

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01 Investments
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01 Events of Default
Section 9.02 Remedies
Section 9.03 Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01 Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation
Section 11.02 Bond Legislation Constitutes Contract
Section 11.03 Severability of Invalid Provisions
Section 11.04 Headings, Etc.
Section 11.05 Notices
Section 11.06 Conflicting Provisions Repealed
Section 11.07 Covenant of Due Procedure, Etc.
Section 11.08 Statutory Notice and Public Hearing
Section 11.09 Effective Date

SIGNATURES
CERTIFICATION
EXHIBIT A

TOWN OF MILTON

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MILTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MILTON OF NOT MORE THAN $3,322,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE 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 resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 and Chapter 31, Article 15 A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The 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 presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements for the existing public waterworks system of the Issuer, consisting of installation of 63,700 LF of 6-inch and 8-inch water line to upgrade the existing system/extend service to 81 potential customers, and the installation of a 350,000 gallon water tank, together with all necessary appurtenances (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, in the total aggregate principal amount of not more than $4,500,000 in two series (collectively, the "Series 2008 Bonds") being the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) in the aggregate principal amount of not more than $3,322,000 (the "Series 2008 A Bonds") and the Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) in the aggregate principal amount of note more than $1,000,000 (the "Series 2008 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority; discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2008 Bonds be sold to the Authority pursuant to the terms and provisions of two loan agreements by and between the Issuer and the Authority, on behalf of the Council, in form satisfactory to the respective parties (collectively, the "Loan Agreements") approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 Bonds as to liens, pledge, source of and security for payment, being the 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") and the Water Refunding Revenue Bonds, Series 2007 A (The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300 (the "Series 2007 A Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Gross Revenues of the System. The Series 2008 B Bonds are also secured by the proceeds from a Department of Interior grant or a United States Environmental Protection Agency grant committed to the Project and the Series 2008 B Bond shall be prepaid upon receipt of such grant.

The Series 2008 A Bonds and the Series 2008 B Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1996 Bonds to the issuance of the Series 2008 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 covenants of the Prior Bonds and the Prior Ordinance.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Series 2008 Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2008 A Bonds and the Series 2008 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2008 A Bonds and the Series 2008 B Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds and the Series 2008 B Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2008 A Bonds and the Series 2008 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A Bonds and the Series 2008 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

"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 an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

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

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

"Bonds" means, collectively, the Series 2008 A Bonds, the Series 2008 B Bonds and the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds and Series 2008 B Bonds for all or a portion of the proceeds of the Series 2008 A Bonds and Series 2008 B Bonds from the Authority.

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

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

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

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any agency of the State of West Virginia that succeeds to the functions of the Council.

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

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

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

"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 (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof), or any Tap Fees, as hereinafter defined.

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

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

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

"Loan Agreements" means, collectively, the respective Loan Agreements heretofore entered, or to be entered into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2008 Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2008 A Bonds and the Series 2008 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account and the Series 2008 B Bonds Reserve Account, respectively. 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 2008 A Bonds and the Series 2008 B 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.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as herein 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 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 or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for the Prior Bonds, at or prior to said date; (ii) any Bond or Prior 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 X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of any Bonds or Prior Bonds registered to the Issuer.

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

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

"Prior Bonds" means the Series 1996 Bonds and the Series 2007 A Bonds.

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

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

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment 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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Depreciation Account created by the Prior Ordinance.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds, the Series 2008 A Bonds and the Series 2008 B Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2008 A Bonds and the Series 2008 B Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance.

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

"Series 2007 A Bonds" means the Issuer's Water Refunding Revenue Bonds, Series 2007 A (The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300.

"Series 2008 A Bonds" means the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established in Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2008 B Bonds" means the Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2008 Bonds Construction Trust Fund" means the Series 2008 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 B Bonds Reserve Account" means the Series 2008 B Bonds Reserve Account established in Section 5.02 hereof.

"Series 2008 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 B Bonds in the then current or any succeeding year.

"Series 2008 B Bonds Sinking Fund" means the Series 2008 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2008 Bonds" means, collectively, the Series 2008 A Bonds and Series 2008 B Bonds.

"Sinking Funds" means, collectively, the sinking funds established for the Prior Bonds, the Series 2008 A Bonds and the Series 2008 B Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2008 A Bonds and the Series 2008 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds and the Series 2008 B Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the existing waterworks system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after the completion of the Project.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed $4,500,000, and ordered in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds and the Series 2008 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council and the Authority.

The cost of the Project is estimated not to exceed $4,500,000 of which approximately $3,322,000 will be obtained from proceeds of the Series 2008 A Bonds and approximately $1,000,000 will be obtained from proceeds of the Series 2008 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds and the Series 2008 B Bonds, funding a reserve account for the Series 2008 A Bonds and the Series 2008 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 A Bonds and the Series 2008 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2008 A Bonds and the Series 2008 B Bonds of the Issuer. The Series 2008 Bonds shall be issued in two series each as a single bond, designated respectively as "Water Revenue Bonds, Series 2008 A" (West Virginia Infrastructure Fund) in the principal amount of not more than $3,322,000, and "Water Revenue Bonds, Series 2008 B" (West Virginia Infrastructure Fund), in the principal amount of not more than $1,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds and the Series 2008 B Bonds remaining after funding of the Series 2008 A Bonds Reserve Account and the Series 2008 B Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2008 Bonds Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds and the Series 2008 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 2008 A Bonds and the Series 2008 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2008 A Bonds and the Series 2008 B Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds and the Series 2008 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds and the Series 2008 B Bonds. The Series 2008 A Bonds and the Series 2008 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2008 A Bonds and the Series 2008 B 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 2008 A Bonds and the Series 2008 B Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds and the Series 2008 B 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 such 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 2008 A Bond nor Series 2008 B Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond and the Series 2008 B Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 A Bonds and the Series 2008 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds and the Series 2008 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 A Bonds and the Series 2008 B Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2008 A Bonds and the Series 2008 B 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 Series 2008 A Bonds and the Series 2008 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 A Bond and Series 2008 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds and Series 2008 B Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds and Series 2008 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 A Bonds and Series 2008 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service on the Series 2008 A Bonds and the Series 2008 B Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any,

on and other payments for the Series 2008 A Bonds and the Series 2008 B Bonds and the Prior Bonds and to make all other payments hereinafter set forth, are hereby irrevocably pledged to such payments as they become due. The Series 2008 A Bonds are also secured from the proceeds of a United States Department of Interior Grant or a United States Environmental Protection Agency Grant committed to the Project and the Series 2008 B Bond shall be prepaid upon receipt of such grant.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds and the Series 2008 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 A Bonds and the Series 2008 B Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2008 A Bonds and the Series 2008 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds and the Series 2008 B Bonds to the original purchasers;

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

D. Executed copies of the Loan Agreements; and

E. The unqualified approving opinion of bond counsel on the Series 2008 A Bonds and the Series 2008 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds and the Series 2008 B 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 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MILTON
WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2008, the 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond at the rate per annum, shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____1, 20___ to and including _____ 1, 20___, as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under

the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) WATER REVENUE BOND, 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"); (2) WATER REFUNDING REVENUE BONDS, SERIES 2007 A (THE OHIO VALLEY BANK COMPANY), DATED JUNE 8, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $529,300, (THE "SERIES 2007 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND) DATED _____, 2008 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000 (THE "SERIES 2008 B BONDS"). THE SERIES 1996 BONDS, THE 2007 A BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenue in favor of the Holders of the Prior Bonds and the Series 2008 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2008 B Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and

in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2008 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF 2008 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MILTON
WATER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the ____ day of _____, 2008, the 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The interest on this Bond at the rate per annum, shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____1, _____ , as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) WATER REVENUE BOND, 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"); (2) WATER REFUNDING REVENUE BONDS, SERIES 2007 A (THE OHIO VALLEY BANK COMPANY), DATED JUNE 8, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $529,300, (THE "SERIES 2007 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) DATED _____, 2008 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2008 A BONDS"). THE SERIES 1996 BONDS AND THE 2007 A BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenue in favor of the Holders of the Prior Bonds and the Series 2008 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This bond is also secured by the proceeds of a United States Department of Interior or Environmental Protection Agency grant committed to the Project and the Series 2008 B Bond shall be prepaid upon receipt of such grant. 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, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2008 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together

with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2008 A Bonds; provided however, that so long as there exists in the Series 2008 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2008 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[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 and attested by its Recorder, and has caused this Bond to be dated as of the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Series 2008 A Bonds and the Series 2008 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreements in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, is hereby approved and incorporated in this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Renewal and Replacement Fund (established by the Prior Ordinance as Depreciation Account and hereby renamed and continued);

(3) Debt Service Reserve Account (established by Prior Ordinance as reserve account for the Series 1996 Bonds); and

(4) Series 2008 Bonds Construction Trust Fund.

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

(1) Series 2007 A Bonds Reserve Account (established by Prior Ordinance);

(2) Series 2008 A Bonds Sinking Fund;

(3) Series 2008 A Bonds Reserve Account;

(4) Series 2008 B Bonds Sinking Fund; and

(5) Series 2008 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All monies in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, on or before the due date of payment of each installment on the Prior 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 Series 1996 Bonds; and (ii) to The Ohio Valley Bank or its successor, the amount required by the Prior Ordinance to pay the interest on the Series 2007 A Bonds.

(2) The Issuer shall next, each month on or before the due date, transfer from the Revenue Fund and simultaneously remit: (i) to the National Finance Office the amounts required to be paid by the Prior Ordinance for the principal on the Series 1996 Bonds; (ii) to The Ohio Valley Bank, or its successor, the amount required by the Prior Ordinance to pay the principal on the Series 2007 A Bonds; (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iv) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 B Bonds for deposit in the Series 2008 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, each month transfer from the Revenue Fund an amount sufficient to pay all current Operating Expenses of the System.

(4) The Issuer shall next on the first day of the month transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amounts required for deposit into the Debt Service Reserve Fund for the Series 1996 Bonds; (ii) remit to the Commission the amount for deposit in the Reserve Account for the Series 2007 A Bonds the amounts required by Prior Resolution; (iii) commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, remit an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 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 2008 A Bonds Reserve Requirement and (iv) commencing 3 months prior to the first date of payment of principal of the

Series 2008 B Bonds, if not fully funded upon issuance of the Series 2008 B Bonds, for deposit in the Series 2008 B Bonds Reserve Account, remit an amount equal to 1/120th of the Series 2008 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 B 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 Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in as provided herein. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any reserve account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account and the Series 2008 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds respectively as the same shall come due, when other monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund, the Series 2008 B Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account and the Series 2008 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2008 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2008 A Bonds and the Series 2008 B Bonds, respectively and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2008 A Bonds Reserve Account or the Series 2008 B Bonds Reserve Account which result in a reduction in the balance of the Series 2008 A Bonds Reserve Account or the 2008 B Bonds Reserve Account to below the Series 2008 A Bonds Reserve Requirement or the Series 2008 B Bonds Reserve Requirement, respectively shall be

subsequently restored from the first Gross Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund or the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds and the Series 2008 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2008 A Bonds and the Series 2008 B Bonds, in accordance with the principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds and the Series 2008 B Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest, if any, and reserve payments with respect to the Series 2008 A Bonds and the Series 2008 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this Section, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2008 A Bonds and the Series 2008 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2008 A Bonds for the period commencing on the date of issuance of the Series 2008 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2008 B Bonds, there shall first be deposited with the Commission in the Series 2008 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2008 B Bonds for the period commencing on the date of issuance of the Series 2008 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2008 B Bonds, there shall be deposited with the Commission in the Series 2008 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2008 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 hereof and, until so expended, are hereby pledged as additional security for the Series 2008 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2008 Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements from the Bond Construction Trust Fund.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer, stating that:

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

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

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

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

Pending such application, monies in the Series 2008 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2008 Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2008 A Bonds and the Series 2008 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008 A Bonds and the Series 2008 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds and the Series 2008 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 Bonds shall not be nor constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2008 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 Bonds, or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service on the Series 2008 A Bonds and the Series 2008 B Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation. The Series 2008 B Bond is also secured by the proceeds of a United States Department of Interior or Environmental Protection Agency grant committed to the Project and the Series 2008 B Bond shall be prepaid upon receipt of such grant.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements and the Issuer shall provide a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted January 17, 2006, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2008 A Bonds and the Series 2008 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreements. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2008 A Bonds and the Series 2008 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements.

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

So long as the Series 2008 A Bonds and the Series 2008 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds and the Series 2008 B Bonds, immediately be remitted to the Commission for deposit in the Series 2008 A Bonds Sinking Fund and the Series 2008 B Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds. Any balance remaining after the payment of the Series 2008 A Bonds and the Series 2008 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or

other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds and the Series 2008 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 A Bonds and the Series 2008 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds and the Series 2008 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A Bonds and the Series 2008 B Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the Series 2008 B Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no additional Parity Bonds payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A Bonds and the Series 2008 B Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereafter shall be on a parity in all respects with the Series 2008 A Bonds and the Series 2008 B Bonds.

No Parity Bonds shall be issued except for the purposes of financing the costs of design, acquisition and construction of additions, betterments or improvements to the System or refunding the Bonds issued pursuant hereto, or both such purposes.

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

(1) The Bonds then Outstanding;

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

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

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

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

All the covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2008 Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this

section. All the 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 over any other. 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 on the revenues of the System of which is subject to the prior and superior lien of the Series 2008 A Bonds and the Series 2008 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such revenues, with the Series 2008 Bonds except in the manner and under the conditions provided in this section.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation on account of 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 issuance of the Parity Bonds and the Issuer is then in full compliance with all the covenants, agreements and terms of this Bond Legislation and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments.

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

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

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

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

The Issuer shall file with the Authority and the Council, or any other original purchaser of the Series 2008 A Bonds and the Series 2008 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds and the Series 2008 B Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 A Bonds and the Series 2008 B Bonds and shall submit the report to the Authority and the Council, or any other original purchaser of the Series 2008 A Bonds and the Series 2008 B Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreements and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds and the Series 2008 B Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds and the Series 2008 B Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirement are on deposit respectively in the Series 2008 A Bonds Reserve Account and the Series 2008 B Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2008 A Bonds and the Series 2008 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2008 A Bonds and the Series 2008 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance currently in effect.

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

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by

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

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2008 A Bonds and Series 2008 B Bonds required by State law, with all appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

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

Section 7.19. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage

and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.20. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds and the Series 2008 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds and the Series 2008 B Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds and the Series 2008 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Council and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A Bonds and the Series 2008 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2008 A Bonds and the Series 2008 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds and the Series 2008 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 Bonds as a condition to issuance of the Series 2008 Bonds.

In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 Bonds as may be necessary in order to maintain the status of the Series 2008 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2008 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2008 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2008 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds and the Series 2008 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2008 A Bonds and the Series 2008 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds and the Series 2008 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds and the Series 2008 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond;

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2008 A Bonds and the Series 2008 B Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2008 A Bonds and the Series 2008 B Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 Owners of the Series 2008 A Bonds and the Series 2008 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds and the Series 2008 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds and the Series 2008 B Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds and the Series 2008 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds and the Series 2008 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2008 A Bonds and the Series 2008 B Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2008 A Bonds and the Series 2008 B Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2008 A Bonds and the Series 2008 B Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2008 A Bonds and the Series 2008 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Town of Milton
1139 Smith Street
Milton, West Virginia 25541
Attention: Mayor

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

COUNCIL:

West Virginia Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301
Attention: Executive Director

All notices to be sent to the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Ordinance. In the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive) so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *The Herald Dispatch*, a newspaper of general circulation in the Town of Milton, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person

interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

Section 11.09. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Passed on First Reading:	May 20, 2008
Passed on Second Reading:	June 3, 2008
Passed on Final Reading Following Public Hearing:	July 1, 2008

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF MILTON on the 1st day of July, 2008.

Dated: July 30, 2008.

[SEAL]

Recorder

07.15.08
609970.00002

EXHIBIT A

Loan Agreements included in bond transcript as Documents 3 and 4.

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF MILTON; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Milton (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective July 1, 2008 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MILTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MILTON OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR

THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount not to exceed $2,893,000 (the "Series 2008 A Bonds") and Water Revenue Bonds Series 2008 B (West Virginia Infrastructure Fund) in an aggregate principal amount not to exceed $1,000,000 (the "Series 2008 B Bonds"), and has authorized the execution and delivery of the loan agreements relating to the Series 2008 A Bonds and the Series 2008 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the Series 2008 A Bonds and the Series 2008 B Bonds (collectively, the "Loan Agreement"), all in accordance with Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price 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 are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $2,893,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2048 and shall bear interest at the rate of 0% per annum. The principal of the Series 2008 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, to and including June 1, 2048, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2008 A Bonds.

B. Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,000,000. The Series 2008 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2048 and shall bear interest at the rate of 0% per annum. The principal of the Series 2008 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, to and including June 1, 2048, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2008 B Bonds. The Series 2008 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2008 B Bonds. The Series 2008 B Bonds are also secured by the proceeds from a Department of Interior grant or a United States Environmental Protection Agency grant committed to the Project and the Series 2008 B Bond shall be prepaid upon receipt of such grant.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint and designate Ohio Valley Bank, Milton, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2008 A Bonds proceeds in the amount of $0 shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2008 B Bond proceeds in the amount of $0 shall be deposited in the Series 2008 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2008 A Bonds proceeds in the amount of $75,143 shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 10. Series 2008 B Bonds proceeds in the amount of $0 shall be deposited in the Series 2008 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2008 A Bonds and Series 2008 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from the Council from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2008 Bonds and related costs.

Section 12. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about July 30, 2008, to the Authority pursuant to the Loan Agreement.

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

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

Section 15. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until

expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2008 Bonds Sinking Funds and the Series 2008 Bonds Reserve Accounts, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 15th day of July, 2008.

By:_____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Milton on the 15th of July, 2008.

Dated: July 30, 2008.

[SEAL]

Recorder

07.15.08
609970.00002

IC-1
(11/01/04)

$2,893,000

LOAN AGREEMENT

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

TOWN OF MILTON

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

TOWN OF MILTON

(SEAL)

By: _____
Its: Mayor
Date: July 30, 2008

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: July 30, 2008

Attest:

_____
Its: Secretary-Treasurer

{C1376802.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $2,893,000
Purchase Price of Local Bonds $2,893,000

The Local Bonds shall bear no interest. Commencing March 1, 2010, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) Town of Milton Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 26, 1996, issued in the original aggregate principal amount of $630,000;

(ii) Town of Milton Water Refunding Revenue Bonds, Series 2007 A (The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300; and

(iii) Town of Milton Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), to be dated July 30, 2008, and issued in the original aggregate principal amount of $1,000,000.

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	18,786.00	-	18,786.00
06/01/2010	18,786.00	-	18,786.00
09/01/2010	18,786.00	-	18,786.00
12/01/2010	18,786.00	-	18,786.00
03/01/2011	18,786.00	-	18,786.00
06/01/2011	18,786.00	-	18,786.00
09/01/2011	18,786.00	-	18,786.00
12/01/2011	18,786.00	-	18,786.00
03/01/2012	18,786.00	-	18,786.00
06/01/2012	18,786.00	-	18,786.00
09/01/2012	18,786.00	-	18,786.00
12/01/2012	18,786.00	-	18,786.00
03/01/2013	18,786.00	-	18,786.00
06/01/2013	18,786.00	-	18,786.00
09/01/2013	18,786.00	-	18,786.00
12/01/2013	18,786.00	-	18,786.00
03/01/2014	18,786.00	-	18,786.00
06/01/2014	18,786.00	-	18,786.00
09/01/2014	18,786.00	-	18,786.00
12/01/2014	18,786.00	-	18,786.00
03/01/2015	18,786.00	-	18,786.00
06/01/2015	18,786.00	-	18,786.00
09/01/2015	18,786.00	-	18,786.00
12/01/2015	18,786.00	-	18,786.00
03/01/2016	18,786.00	-	18,786.00
06/01/2016	18,786.00	-	18,786.00
09/01/2016	18,786.00	-	18,786.00
12/01/2016	18,786.00	-	18,786.00
03/01/2017	18,786.00	-	18,786.00
06/01/2017	18,786.00	-	18,786.00
09/01/2017	18,786.00	-	18,786.00
12/01/2017	18,786.00	-	18,786.00
03/01/2018	18,786.00	-	18,786.00
06/01/2018	18,786.00	-	18,786.00
09/01/2018	18,786.00	-	18,786.00
12/01/2018	18,786.00	-	18,786.00
03/01/2019	18,786.00	-	18,786.00
06/01/2019	18,786.00	-	18,786.00

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2019	18,786.00	-	18,786.00
12/01/2019	18,786.00	-	18,786.00
03/01/2020	18,786.00	-	18,786.00
06/01/2020	18,786.00	-	18,786.00
09/01/2020	18,786.00	-	18,786.00
12/01/2020	18,786.00	-	18,786.00
03/01/2021	18,786.00	-	18,786.00
06/01/2021	18,786.00	-	18,786.00
09/01/2021	18,786.00	-	18,786.00
12/01/2021	18,786.00	-	18,786.00
03/01/2022	18,786.00	-	18,786.00
06/01/2022	18,786.00	-	18,786.00
09/01/2022	18,786.00	-	18,786.00
12/01/2022	18,786.00	-	18,786.00
03/01/2023	18,786.00	-	18,786.00
06/01/2023	18,786.00	-	18,786.00
09/01/2023	18,786.00	-	18,786.00
12/01/2023	18,786.00	-	18,786.00
03/01/2024	18,786.00	-	18,786.00
06/01/2024	18,786.00	-	18,786.00
09/01/2024	18,786.00	-	18,786.00
12/01/2024	18,786.00	-	18,786.00
03/01/2025	18,786.00	-	18,786.00
06/01/2025	18,786.00	-	18,786.00
09/01/2025	18,786.00	-	18,786.00
12/01/2025	18,786.00	-	18,786.00
03/01/2026	18,786.00	-	18,786.00
06/01/2026	18,786.00	-	18,786.00
09/01/2026	18,786.00	-	18,786.00
12/01/2026	18,786.00	-	18,786.00
03/01/2027	18,786.00	-	18,786.00
06/01/2027	18,786.00	-	18,786.00
09/01/2027	18,786.00	-	18,786.00
12/01/2027	18,786.00	-	18,786.00
03/01/2028	18,786.00	-	18,786.00
06/01/2028	18,786.00	-	18,786.00
09/01/2028	18,786.00	-	18,786.00
12/01/2028	18,786.00	-	18,786.00
03/01/2029	18,786.00	-	18,786.00
06/01/2029	18,786.00	-	18,786.00
09/01/2029	18,786.00	-	18,786.00
12/01/2029	18,786.00	-	18,786.00
03/01/2030	18,786.00	-	18,786.00
06/01/2030	18,786.00	-	18,786.00

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2030	18,786.00	-	18,786.00
12/01/2030	18,786.00	-	18,786.00
03/01/2031	18,786.00	-	18,786.00
06/01/2031	18,786.00	-	18,786.00
09/01/2031	18,786.00	-	18,786.00
12/01/2031	18,786.00	-	18,786.00
03/01/2032	18,786.00	-	18,786.00
06/01/2032	18,786.00	-	18,786.00
09/01/2032	18,786.00	-	18,786.00
12/01/2032	18,786.00	-	18,786.00
03/01/2033	18,786.00	-	18,786.00
06/01/2033	18,786.00	-	18,786.00
09/01/2033	18,786.00	-	18,786.00
12/01/2033	18,786.00	-	18,786.00
03/01/2034	18,786.00	-	18,786.00
06/01/2034	18,786.00	-	18,786.00
09/01/2034	18,786.00	-	18,786.00
12/01/2034	18,786.00	-	18,786.00
03/01/2035	18,786.00	-	18,786.00
06/01/2035	18,786.00	-	18,786.00
09/01/2035	18,786.00	-	18,786.00
12/01/2035	18,786.00	-	18,786.00
03/01/2036	18,786.00	-	18,786.00
06/01/2036	18,786.00	-	18,786.00
09/01/2036	18,786.00	-	18,786.00
12/01/2036	18,786.00	-	18,786.00
03/01/2037	18,786.00	-	18,786.00
06/01/2037	18,786.00	-	18,786.00
09/01/2037	18,785.00	-	18,785.00
12/01/2037	18,785.00	-	18,785.00
03/01/2038	18,785.00	-	18,785.00
06/01/2038	18,785.00	-	18,785.00
09/01/2038	18,785.00	-	18,785.00
12/01/2038	18,785.00	-	18,785.00
03/01/2039	18,785.00	-	18,785.00
06/01/2039	18,785.00	-	18,785.00
09/01/2039	18,785.00	-	18,785.00
12/01/2039	18,785.00	-	18,785.00
03/01/2040	18,785.00	-	18,785.00
06/01/2040	18,785.00	-	18,785.00
09/01/2040	18,785.00	-	18,785.00
12/01/2040	18,785.00	-	18,785.00
03/01/2041	18,785.00	-	18,785.00
06/01/2041	18,785.00	-	18,785.00

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2041	18,785.00	-	18,785.00
12/01/2041	18,785.00	-	18,785.00
03/01/2042	18,785.00	-	18,785.00
06/01/2042	18,785.00	-	18,785.00
09/01/2042	18,785.00	-	18,785.00
12/01/2042	18,785.00	-	18,785.00
03/01/2043	18,785.00	-	18,785.00
06/01/2043	18,785.00	-	18,785.00
09/01/2043	18,785.00	-	18,785.00
12/01/2043	18,785.00	-	18,785.00
03/01/2044	18,785.00	-	18,785.00
06/01/2044	18,785.00	-	18,785.00
09/01/2044	18,785.00	-	18,785.00
12/01/2044	18,785.00	-	18,785.00
03/01/2045	18,785.00	-	18,785.00
06/01/2045	18,785.00	-	18,785.00
09/01/2045	18,785.00	-	18,785.00
12/01/2045	18,785.00	-	18,785.00
03/01/2046	18,785.00	-	18,785.00
06/01/2046	18,785.00	-	18,785.00
09/01/2046	18,785.00	-	18,785.00
12/01/2046	18,785.00	-	18,785.00
03/01/2047	18,785.00	-	18,785.00
06/01/2047	18,785.00	-	18,785.00
09/01/2047	18,785.00	-	18,785.00
12/01/2047	18,785.00	-	18,785.00
03/01/2048	18,785.00	-	18,785.00
06/01/2048	18,785.00	-	18,785.00
Total	**$2,893,000.00**	-	**$2,893,000.00**

Yield Statistics

Bond Year Dollars	$59,916.64
Average Life	20.711 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	9.36E-11
Bond Yield for Arbitrage Purposes	9.36E-11
All Inclusive Cost (AIC)	9.36E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.711 Years

SCHEDULE Z

None.

IC-1
(11/01/04)

$1,000,000

LOAN AGREEMENT

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

TOWN OF MILTON

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

TOWN OF MILTON

(SEAL)

By: _____
Its: Mayor
Date: July 30, 2008

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: July 30, 2008

Attest:

_____
Its: Secretary-Treasurer

{C1377265.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,000,000
Purchase Price of Local Bonds $1,000,000

The Local Bonds shall bear no interest. Commencing March 1, 2010, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) Town of Milton Water Revenue Bonds, Series 1996 (United States Department of Agriculture), dated April 26, 1996, issued in the original aggregate principal amount of $630,000;

(ii) Town of Milton Water Refunding Revenue Bonds, Series 2007 A (The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300; and

(iii) Town of Milton Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), to be dated July 30, 2008, and issued in the original aggregate principal amount of $2,893,000.

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	6,494.00	-	6,494.00
06/01/2010	6,494.00	-	6,494.00
09/01/2010	6,494.00	-	6,494.00
12/01/2010	6,494.00	-	6,494.00
03/01/2011	6,494.00	-	6,494.00
06/01/2011	6,494.00	-	6,494.00
09/01/2011	6,494.00	-	6,494.00
12/01/2011	6,494.00	-	6,494.00
03/01/2012	6,494.00	-	6,494.00
06/01/2012	6,494.00	-	6,494.00
09/01/2012	6,494.00	-	6,494.00
12/01/2012	6,494.00	-	6,494.00
03/01/2013	6,494.00	-	6,494.00
06/01/2013	6,494.00	-	6,494.00
09/01/2013	6,494.00	-	6,494.00
12/01/2013	6,494.00	-	6,494.00
03/01/2014	6,494.00	-	6,494.00
06/01/2014	6,494.00	-	6,494.00
09/01/2014	6,494.00	-	6,494.00
12/01/2014	6,494.00	-	6,494.00
03/01/2015	6,494.00	-	6,494.00
06/01/2015	6,494.00	-	6,494.00
09/01/2015	6,494.00	-	6,494.00
12/01/2015	6,494.00	-	6,494.00
03/01/2016	6,494.00	-	6,494.00
06/01/2016	6,494.00	-	6,494.00
09/01/2016	6,494.00	-	6,494.00
12/01/2016	6,494.00	-	6,494.00
03/01/2017	6,494.00	-	6,494.00
06/01/2017	6,494.00	-	6,494.00
09/01/2017	6,494.00	-	6,494.00
12/01/2017	6,494.00	-	6,494.00
03/01/2018	6,494.00	-	6,494.00
06/01/2018	6,494.00	-	6,494.00
09/01/2018	6,494.00	-	6,494.00
12/01/2018	6,494.00	-	6,494.00
03/01/2019	6,494.00	-	6,494.00
06/01/2019	6,494.00	-	6,494.00

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2019	6,494.00	-	6,494.00
12/01/2019	6,494.00	-	6,494.00
03/01/2020	6,494.00	-	6,494.00
06/01/2020	6,494.00	-	6,494.00
09/01/2020	6,494.00	-	6,494.00
12/01/2020	6,494.00	-	6,494.00
03/01/2021	6,494.00	-	6,494.00
06/01/2021	6,494.00	-	6,494.00
09/01/2021	6,494.00	-	6,494.00
12/01/2021	6,494.00	-	6,494.00
03/01/2022	6,494.00	-	6,494.00
06/01/2022	6,494.00	-	6,494.00
09/01/2022	6,494.00	-	6,494.00
12/01/2022	6,494.00	-	6,494.00
03/01/2023	6,494.00	-	6,494.00
06/01/2023	6,494.00	-	6,494.00
09/01/2023	6,494.00	-	6,494.00
12/01/2023	6,494.00	-	6,494.00
03/01/2024	6,494.00	-	6,494.00
06/01/2024	6,494.00	-	6,494.00
09/01/2024	6,494.00	-	6,494.00
12/01/2024	6,494.00	-	6,494.00
03/01/2025	6,494.00	-	6,494.00
06/01/2025	6,494.00	-	6,494.00
09/01/2025	6,494.00	-	6,494.00
12/01/2025	6,494.00	-	6,494.00
03/01/2026	6,494.00	-	6,494.00
06/01/2026	6,494.00	-	6,494.00
09/01/2026	6,494.00	-	6,494.00
12/01/2026	6,494.00	-	6,494.00
03/01/2027	6,494.00	-	6,494.00
06/01/2027	6,494.00	-	6,494.00
09/01/2027	6,494.00	-	6,494.00
12/01/2027	6,494.00	-	6,494.00
03/01/2028	6,494.00	-	6,494.00
06/01/2028	6,494.00	-	6,494.00
09/01/2028	6,494.00	-	6,494.00
12/01/2028	6,494.00	-	6,494.00
03/01/2029	6,494.00	-	6,494.00
06/01/2029	6,494.00	-	6,494.00
09/01/2029	6,493.00	-	6,493.00
12/01/2029	6,493.00	-	6,493.00
03/01/2030	6,493.00	-	6,493.00
06/01/2030	6,493.00	-	6,493.00

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2030	6,493.00	-	6,493.00
12/01/2030	6,493.00	-	6,493.00
03/01/2031	6,493.00	-	6,493.00
06/01/2031	6,493.00	-	6,493.00
09/01/2031	6,493.00	-	6,493.00
12/01/2031	6,493.00	-	6,493.00
03/01/2032	6,493.00	-	6,493.00
06/01/2032	6,493.00	-	6,493.00
09/01/2032	6,493.00	-	6,493.00
12/01/2032	6,493.00	-	6,493.00
03/01/2033	6,493.00	-	6,493.00
06/01/2033	6,493.00	-	6,493.00
09/01/2033	6,493.00	-	6,493.00
12/01/2033	6,493.00	-	6,493.00
03/01/2034	6,493.00	-	6,493.00
06/01/2034	6,493.00	-	6,493.00
09/01/2034	6,493.00	-	6,493.00
12/01/2034	6,493.00	-	6,493.00
03/01/2035	6,493.00	-	6,493.00
06/01/2035	6,493.00	-	6,493.00
09/01/2035	6,493.00	-	6,493.00
12/01/2035	6,493.00	-	6,493.00
03/01/2036	6,493.00	-	6,493.00
06/01/2036	6,493.00	-	6,493.00
09/01/2036	6,493.00	-	6,493.00
12/01/2036	6,493.00	-	6,493.00
03/01/2037	6,493.00	-	6,493.00
06/01/2037	6,493.00	-	6,493.00
09/01/2037	6,493.00	-	6,493.00
12/01/2037	6,493.00	-	6,493.00
03/01/2038	6,493.00	-	6,493.00
06/01/2038	6,493.00	-	6,493.00
09/01/2038	6,493.00	-	6,493.00
12/01/2038	6,493.00	-	6,493.00
03/01/2039	6,493.00	-	6,493.00
06/01/2039	6,493.00	-	6,493.00
09/01/2039	6,493.00	-	6,493.00
12/01/2039	6,493.00	-	6,493.00
03/01/2040	6,493.00	-	6,493.00
06/01/2040	6,493.00	-	6,493.00
09/01/2040	6,493.00	-	6,493.00
12/01/2040	6,493.00	-	6,493.00
03/01/2041	6,493.00	-	6,493.00
06/01/2041	6,493.00	-	6,493.00

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2041	6,493.00	-	6,493.00
12/01/2041	6,493.00	-	6,493.00
03/01/2042	6,493.00	-	6,493.00
06/01/2042	6,493.00	-	6,493.00
09/01/2042	6,493.00	-	6,493.00
12/01/2042	6,493.00	-	6,493.00
03/01/2043	6,493.00	-	6,493.00
06/01/2043	6,493.00	-	6,493.00
09/01/2043	6,493.00	-	6,493.00
12/01/2043	6,493.00	-	6,493.00
03/01/2044	6,493.00	-	6,493.00
06/01/2044	6,493.00	-	6,493.00
09/01/2044	6,493.00	-	6,493.00
12/01/2044	6,493.00	-	6,493.00
03/01/2045	6,493.00	-	6,493.00
06/01/2045	6,493.00	-	6,493.00
09/01/2045	6,493.00	-	6,493.00
12/01/2045	6,493.00	-	6,493.00
03/01/2046	6,493.00	-	6,493.00
06/01/2046	6,493.00	-	6,493.00
09/01/2046	6,493.00	-	6,493.00
12/01/2046	6,493.00	-	6,493.00
03/01/2047	6,493.00	-	6,493.00
06/01/2047	6,493.00	-	6,493.00
09/01/2047	6,493.00	-	6,493.00
12/01/2047	6,493.00	-	6,493.00
03/01/2048	6,493.00	-	6,493.00
06/01/2048	6,493.00	-	6,493.00
Total	**$1,000,000.00**	-	**$1,000,000.00**

Yield Statistics

Bond Year Dollars	$20,710.37
Average Life	20.710 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	9.33E-11
Bond Yield for Arbitrage Purposes	9.33E-11
All Inclusive Cost (AIC)	9.33E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.710 Years

SCHEDULE Z

This loan is subject to immediate repayment upon receipt of grant funds from the United States Department of the Interior or other granting sources.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 29th day of July 2008.

CASE NO. 07-1667-W-CN

CITY OF MILTON
Application for a certificate of convenience and necessity for the replacement, upgrade and extension of existing waterlines, construction of a 350,000-gallon water storage tank and upgrade of water treatment plant in Milton, Cabell County, and for approval of financing related thereto.

COMMISSION ORDER

This Order approves the City of Milton ("City") request to expand the scope of the project.

BACKGROUND

On August 29, 2007, the City filed an application for a certificate of convenience and necessity to (i) replace, upgrade, and extend existing waterlines; (ii) construct a 350,000-gallon water storage tank; and (iii) upgrade a water treatment plant, in Milton, Cabell County. The City also requested approval of the financing related to the project. The project is projected to serve approximately seventy-seven additional customers and will assist the City in reducing its 40% water loss, along with solving pressure and flow problems in the eastern portion of the distribution system. The anticipated total project cost of $4,322,000 is to be financed through two 40 year West Virginia Infrastructure and Jobs Development Council ("WVIJDC") loans in the amounts of $3,322,000 and $1,000,000, at 0% interest. The City did not propose a rate increase.

On September 10, 2007, the City filed an Affidavit of Publication stating that public notice of the project had been completed.

On December 5, 2007, the assigned Administrative Law Judge issued a Recommended Decision (i) granting the certificate and (ii) approving the proposed funding. Additionally, the ALJ stated:

IT IS FURTHER ORDERED that, if there are any substantive changes in the project's plans, scope or financing, the City of Milton petition the Commission to review and approve the changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are changes in the project cost which do not affect rates, the City of Milton file an affidavit signed by its accountant verifying that the City's rates and charges are unaffected by the change in cost.

The Recommended Decision became a final order of the Commission on December 25, 2007.

On July 9, 2008, the City of Milton filed a petition to reopen this case to request the Commission's approval to use excess funds resulting from the receipt of lower bids than originally anticipated. The original cost estimate was $3,149,315; however, when the bids were received the total was $2,201,903, leaving a surplus of $947,412. The City requested permission to use the excess funds for maintenance and repairs to the existing system as well as for the replacement of a deteriorating storage tank. As part of its petition the City filed a letter from (i) its accountant affirming that the requested modifications to the project would not impact the City's rates; and (ii) the West Virginia Infrastructure and Jobs Development Council approved the proposed use of the excess funds.

On July 18, 2008, Staff filed its Initial and Final Joint Staff Memorandum. Technical Staff stated that (i) the construction costs were reasonable, (ii) the replacements could reduce operation and maintenance costs, will increase water quality, and will increase system pressure. Staff recommended approval of the extra projects subject to the City being ordered to file an amended permit from the West Virginia Office of Environmental Health Service.

On July 21, 2008, the City filed a letter stating its agreement with Staff's recommendation.

DISCUSSION

Because (i) the West Virginia Infrastructure and Jobs Development Council approves the proposed use of the excess funds, (ii) the City's certified public accountant affirms that the request for modifications to the project will not impact the City's rates, (iii) the proposed modifications to the project will be accomplished with excess funds made available by bids on the project being lower than anticipated, and (iv) the proposed modifications to the project are expected to reduce operation and maintenance cost, increase water quality, and increase system pressure, all to the benefit to the City's customers, the Commission will approve the proposed modifications, subject to the City filing an amended permit from the West Virginia Office of Environmental Health Service.

FINDINGS OF FACTS

1. The West Virginia Infrastructure and Jobs Development Council approves the proposed use of the excess funds.

2. The City's certified public accountant affirms the request for modifications to the project will not impact the City's rates.

3. The proposed modifications to the project will be accomplished with excess funds made available by bids on the project being lower than anticipated.

4. The proposed modifications to the project are expected to reduce operation and maintenance cost, increase water quality, and increase system pressure, all to the benefit of the City's customers.

CONCLUSION OF LAW

The proposed modifications will benefit the customers without increasing the cost of the project or increasing the City's rates.

ORDER

IT IS THEREFORE ORDERED that the modifications to the certificate granted by the December 5, 2007 (Final Order December 25, 2007) as described in the City's filing of July 9, 2008, are hereby granted, subject to the City filing an amended permit from the West Virginia Office of Environmental Service.

IT IS FURTHER ORDERED that, if there are any substantive changes in the project's plans, scope or financing, the City of Milton petition the Commission to review and approve the changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are changes in the project cost which do not affect rates, the City of Milton file an affidavit signed by its accountant verifying that the City's rates and charges are unaffected by the change in cost.

IT IS FURTHER ORDERED that upon entry of this order this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

JJW/slc
071667c.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

12/25/2007

Entered: December 5, 2007

CASE NO. 07-1667-W-CN

CITY OF MILTON
Application for a certificate of convenience and necessity for the replacement, upgrade and extension of existing waterlines, construction of a 350,000-gallon water storage tank and upgrade of water treatment plant in Milton, Cabell County, and for approval of financing related thereto.

RECOMMENDED DECISION

On August 29, 2007, the City of Milton (City) filed an application for a certificate of convenience and necessity for the replacement, upgrade and extension of existing waterlines; the construction of a 350,000-gallon water storage tank; and the upgrade of a water treatment plant in Milton, Cabell County. The City also requested approval of the financing related thereto. The project is projected to serve approximately seventy-seven (77) additional customers and will assist the City in reducing its forty percent (40%) water loss, along with solving pressure and flow problems in the eastern portion of the distribution system. The anticipated total project cost of $4,322,000.00 is to be financed through two (2) forty (40) year West Virginia Infrastructure and Jobs Development Council (WVIJDC) loans in the amounts of $3,322,000.00 and $1,000,000.00 at zero percent (0%) interest. The City did not propose a rate increase.

By Commission Order dated August 29, 2007, the City was required to give notice of the filing of its application by publishing a copy of the Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Cabell County, making due return to the Commission of proper certification of publication immediately after publication.

On September 10, 2007, the City filed an Affidavit of Publication reflecting that on September 1, 2007, the Notice of Filing was published in The Herald-Dispatch, a newspaper duly qualified by the Secretary of State, published and of general circulation in Cabell County.

By Referral Order dated September 12, 2007, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before January 11, 2008, if there had been no public protest to the application within thirty (30) days after the required notice has been provided. If a public protest was received within thirty (30) days after the required notice had been provided, the Division of Administrative Law Judges was to render its decision on or before March 26, 2008.

On October 3, 2007, Staff filed a data request for information.

On October 3, 2007, Staff Attorney Carrie F. Dehaven filed the Initial Joint Staff Memorandum to which was attached the September 10, 2007 Initial Internal Memorandum prepared by David Holley, Technical Analyst II, Engineering Division, and Michael Quinlan, Utilities Analyst I, Water and Wastewater Division. Technical Staff reported on the information which was needed to review the proposed project and Staff Attorney Dehaven indicated that a data request would be made.

On October 15, 2007, the City filed its response to Staff's data request for information.

On November 27, 2007, Staff Attorney DeHaven filed the Final Joint Staff Memorandum to which was attached the November 14, 2007 Final Internal Memorandum prepared by Mr. Holley and Mr. Quinlan. Staff reported that the water treatment plant upgrades have been removed from this phase of the project. The project will consist of two (2) contracts, with the first contract including, but not limited to, the construction of lines, meter settings, valves, fire hydrants and all related appurtenances. The second contract will include, but not be limited to, the construction of a foundation for a 350,000-gallon storage tank, a 350,000-water storage tank, fencing, swing gates, tank access road, site preparation and all related appurtenances. The total project cost is estimated to be $4,322,000. Overall operation and maintenance expenses are not expected to increase due to the project. Staff finds the construction costs to be reasonable.

The City was issued a State of West Virginia Office of Environmental Health Service Permit (No. 17,602) on July 30, 2007. The City currently employs two (2) certified water operators.

Staff opined that the replacement of some of the City's worst existing mains and construction of the new water storage tank will assist the City in reducing the 40% UFW and solve pressure and flow problems in the eastern portion of the distribution system. The project will also provide water service to approximately seventy-seven (77) new customers. The City's water treatment plant will operate less than sixteen (16) hours per day due to the reduction in UFW.

The cost per customer is approximately $1,892 which Staff believes to be reasonable for a water project. Staff opined that the percentages of engineering fees to construction and project costs, 15.0% and 12.3% respectively, are high, but acceptable.

Engineering Staff concluded that the project shows necessity because it will reduce the 40% UFW, allow for more than two (2) days of storage, will eliminate the pressure and flow problems in the eastern portion of the distribution system and will provide service to approximately seventy-seven (77) new customers. The proposed project is convenient because it will not require a rate increase. The services provided by the project are in general conformance with the Commission's rules and regulations.

Financial Staff indicated that the City's project, approved by the WVIJDC and estimated to cost $4,322,000, will be funded by two (2) forty-year loans in the amounts of $3,322,000 and $1,000,000, both at zero

percent (0%) interest. The WVIJDC loans will require a combined debt service of $116,811 and a debt service reserve of 10% of the $11,681 annual debt payment. The renewal and replacement reserve of 2.5% of the annual operating revenue equates to $25,512. Binding letters of commitment for the WVIJDC loans are part of the City's application. No rate increase is proposed as a result of this project. The proposed annual revenues are projected to be $1,020,485 and annual operation and maintenance expenses are projected to stay at $568,733. The total debt service and reserve requirements are projected to increase $128,967 per year as a result of the project. The remaining cash surplus is projected to decrease $110,099, and result in a proforma cash flow surplus of $140,189 and debt service coverage of 181%. Staff opined that the project is financially feasible and should be approved.

The City's current rates are effective for service rendered on or after July 1, 2007. The ordinance for these rates was reviewed by the Commission's Legal Division and found to have been properly passed. The rates are sufficient to offset the costs associated with the project. Staff included a Staff-recommended tariff for the City to use in its next ordinance to make the tariff language comply with the Commission's current tariff rules.

In summation, Staff recommended the following: (1) the City be granted a certificate of convenience and necessity to construct certain additions, improvements and extensions to its existing water system in Cabell County in the amount of $4,322,000; (2) approval of project funding, consisting of two (2) WVIJDC loans of $3,322,000 and $1,000,000, both with terms of forty (40) years at zero percent (0%) interest; (3) if there any changes in the plans or scope of the project, the City must seek Commission approval of such changes; if there are changes in the rates to be charged associated with the project the City must also seek Commission approval of such changes; if there are changes in the plans or scope of the project, and project-related rates remain unchanged, the City must file an affidavit executed by its certified public accountant verifying that its rates and charges are unaffected; (4) the City provide a copy of the engineer's certified Bid Tabulations for all contracts to be awarded for this project as soon as they become available; (5) the City submit a copy of the Certificate of Substantial Completion issued for each construction contract associated with the project as soon as they become available; and (6) the City adopt the Staff-recommended tariff in its next ordinance to bring its tariff language into compliance with the Commission's current Tariff Rules.

On December 3, 2007, the City filed a letter indicating that it was in agreement with the Final Joint Staff Memorandum.

As of the date of this Order, no protests have been received.

FINDINGS OF FACT

1. On August 29, 2007, the City of Milton filed an application for a certificate of convenience and necessity for the replacement, upgrade and extension of existing water lines, construction of a 350,000-gallon water storage tank and upgrade of its existing water treatment plant in Milton, Cabell County, and for the approval of the financing related

thereto. (See, application; Final Joint Staff Memorandum with attachment filed November 27, 2007).

2. The total project cost is estimated to be $4,322,000. (See, application; Final Joint Staff Memorandum with attachment filed November 27, 2007).

3. The City plans to finance the project with two (2) forty-year West Virginia Infrastructure and Jobs Development Council loans in the amounts of $3,322,000, and $1,000,000, both at zero percent (0%) interest. (See, application; Final Joint Staff Memorandum with attachment filed November 27, 2007).

4. The water treatment plant upgrades have been removed from this phase of the project. (See, filing dated October 15, 2007; Final Joint Staff Memorandum with attachment filed November 27, 2007).

5. The City's current storage tanks only provide 1.9 days of storage. One of the City's three booster stations runs 24 hours per day; during peak demand in that area, the system served by that booster station can experience pressure drops of 25% or more. (See, Final Joint Staff Memorandum and attachment filed November 27, 2007).

6. The project should reduce the City's 40% unaccounted-for-water due to the replacement of old, leaking water lines. The construction of a new larger tank and line will allow for more than two (2) days of water storage and will eliminate pressure and flow problems in the eastern portion of the distribution system. Finally, the project will provide service to approximately seventy-seven (77) new customers. (See, Final Joint Staff Memorandum with attachment filed November 27, 2007).

7. Staff recommends approval of the certificate. (See, Final Joint Staff Memorandum with attachment filed November 27, 2007).

8. No rate increase due to the project is proposed. The City's current rates are sufficient to offset the costs associated with the project and meet debt coverage requirements. (See, Final Joint Staff Memorandum with attachment filed November 27, 2007).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the project.

2. The proposed financing is reasonable and should be approved.

3. The City should be required to seek Commission approval should the project scope or proposed financing change for any reason.

4. The application should be granted contingent upon the City receiving all necessary federal, state and local permits and approvals for the proposed construction.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by the City of Milton, on August 29, 2007, for a certificate of convenience and necessity for the replacement, upgrade and extension of existing water lines and construction of a 350,000-gallon water storage tank be, and hereby is, granted. The certificate is contingent upon the City's receipt of all necessary federal, state and local permits and approvals for the proposed construction. Copies of these permits and approvals should be forwarded to the Commission upon the City's receipt of the documents. Construction should not begin until all necessary permits have been issued. The City shall also file a copy of the Certificate of Substantial Completion for each contract associated with the project within thirty (30) days of the issuance of each certificate.

IT IS FURTHER ORDERED that the proposed financing, consisting of two (2) loans in the amount of $3,322,000 and $1,000,000 from the West Virginia Infrastructure and Jobs Development Council, each with an interest rate of zero percent (0%) for forty (40) years, is approved.

IT IS FURTHER ORDERED that, if there are any substantive changes in the project's plans, scope or financing, the City of Milton petition the Commission to review and approve the changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are changes in the project cost which do not affect rates, the City of Milton file an affidavit signed by its accountant verifying that the City's rates and charges are unaffected by the change in cost.

IT IS FURTHER ORDERED that the City of Milton provide a copy of the engineer's certified tabulation of bids, within ten (10) days of the bid opening date, for each construction contract or vendor bid contract to be awarded for the project.

IT IS FURTHER ORDERED that, if the project requires the use of Division of Highways' rights-of-way, the City of Milton comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this proceeding be, and it hereby is, removed from the Commission's docket of open cases.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following

the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Deborah Yost VanDervort

Deborah Yost VanDervort
Administrative Law Judge

DYV:s
071667aa.wpd

Affidavit of Filing

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@wvdsl.net

JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

AREA CODE 304
343-1654

FACSIMILE
343-1657

September 10, 2007

RECEIVED
2007 SEP 10 PM 1:29
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

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

RE: CASE NO. 07-1667-W-CN
CITY OF MILTON, a municipal utility
Application for a certificate of convenience and necessity for the replacement, upgrade and extension of existing waterlines, construction of 350,000 gallon water storage tank and upgrade of water treatment plant in Milton, Cabell County, and for approval of financing related thereto.

Dear Ms. Squire:

Pursuant to the August 29, 2007 Notice of Filing Order entered in the above-referenced proceeding, enclosed herein please find the original and twelve (12) copies of an Affidavit evidencing publication of the Order in *The Herald Dispatch* newspaper, published and of general circulation in Cabell County, West Virginia, on September 1, 2007. With the submission of the enclosed Affidavit, all publication requirements set forth in the Notice of Filing Order have been met.

A copy of this filing is today being served upon Carrie DeHaven, Staff Attorney.

Sincerely,

Robert R. Rodecker
WV State Bar No. 3145

bg
enclosures
cc: Carrie DeHaven, Esquire
Honorable Betty Sargent
Jonathan Carpenter, P.E.
Milton\06-07 Water Project\Squire Letter With Pub

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINA,
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-667106** was duly published in

RECEIVED
2007 SEP 10 PM 1:58
WV PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

The Herald-Dispatch

one time, once a week for 1 successive weeks, commencing with its issue of the **01** day of **September**, **2007** and ending with the issue of the **01** day of **September**, **2007** and was posted at the East door of the Cabell County Courthouse on **01** day of **September**, **2007**: that said legal advertisement was published on the following dates:
; September 1st, 2007

that the cost of publishing said annexed advertisement as aforesaid was **$128.80**; that such newspaper in which such legal advertisement was published has been and in 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 5th day of Sept., 2007.

My Commission expires January 6, 2012

Terri Mount

Constance S. Rappold
Notary Public
Cabell County
West Virgnina

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 29th day of August, 2007

CASE NO. 07-1667-W-CN

CITY OF MILTON, a municipal utility, Cabell County, West Virginia

Application for a certificate of convenience and necessity for the replacement, upgrade and extension of existing waterlines, construction of 350,000 gallon water storage tank and upgrade of water treatment plant in Milton, Cabell County, and for approval of financing related thereto.

NOTICE OF FILING

WHEREAS, on August 29, 2007, the City of Milton, a municipal utility, filed an application, duly verified, for a certificate for the replacement, upgrade and extension of existing waterlines, construction of a 350,000 gallon water storage tank and the upgrade of its water treatment plant in Milton, Cabell County. Said project will result in the replacement of some of the worst sections of water line in the City's distribution system in the downtown area, replacement of existing 2-inch and 3-inch water lines along Route 60 which serve the eastern side of the water distribution system, construction of a new 350,000 gallon water storage tank, and completion of the water line extensions along customers. The City's application further seeks approval of the financing of the project. The application is on file with and available for public inspection at the Public Service Commission, 201 Bokks Street, in Charleston, West Virginia.

WHEREAS, the City estimates that the total construction costs for the proposed project is $4,322,000.00, to be funded through West Virginia Infrastructure and Development Council ("WVIJDC") loans for a term of 40 years at an interest rate of 0%.

WHEREAS, there will be no increase in the City's water rates and charges as currently set forth in its Water Tariff No. 9 on file with the Commission.

The City of Milton has no water resale customers.

Pursuant to 24-2-11, West Virginia Code, IT IS ORDERED that the City of Milton give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Cabell county, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

Sandra Squire
Executive Secretary

LH-667106
09-1-07

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E Brady, PE

Executive Director
Jefferson.Brady@verizon.net

April 4, 2007

The Honorable Betty Sargent
Mayor, City of Milton
1139 Smith Street
Milton, West Virginia 25541

Re: Binding Commitment Letter - Revised
City of Milton
Project 2003W-745

Dear Mayor Sargent:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Milton's(the "City") revised funding request for financing its water project. Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. At its April 4, 2006 meeting, the Infrastructure Council voted to revise its August 28, 2006 binding commitment (the "Commitment") as shown on the attached proposed Schedule A. The revision approved the City to utilize an additional $1,000,000 Infrastructure Fund loan (0%, 40 yrs) to complete the financing of this $4,322,000 project. This is with the provision that the additional $1,000,000 Infrastructure Fund loan is subject to immediate repayment upon receipt of the Department of Interior grant.

The Infrastructure Council Commitment will expire on the earlier of (i) April 4, 2008 or (ii) upon the District's written notification to the Infrastructure Council that the District does not desire to obtain the Infrastructure Fund Loan.

If the District has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

City of Milton

By:_____

Its: _____

Date:_____

cc: Bob DeCrease, BPH
Jonathan Carpenter, P.E., Thrasher Environmental, Inc.

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Milton
Water Project 2003W-745
April 4, 2007

SCHEDULE A - REVISED

A. Approximate Amount: $3,322,000 Loan
$1,000,000 Loan

B. Loan: $3,322,000

1.	Maturity Date:	40 years from date of closing.
2.	Interest Rate:	0%
3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
5.	Special Conditions:	
	A. Reserve requirements	One year's annual debt service OR Funding one year's annual debt service over the first ten years
	B. Coverage	115% unless reserve fund is fully funded then coverage is 110%

C. Loan: $1,000,000

Maturity Date:		40 years from date of closing.
1.	Interest Rate:	0%
2.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
3.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
4.	Special Conditions:	
	A. Reserve requirements	One year's annual debt service OR Funding one year's annual debt service over the first ten years
	B. Coverage	115% unless reserve fund is fully funded then coverage is 110%
	C. Early Repayment	This loan is subject to immediate repayment upon receipt of the Department of Interior grant.

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

D. Total Project Cost: $4,322,000

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
Tim Stranko
Morgantown
Dave McComas
Prichard

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

August 28, 2006

The Honorable Betty Sargent
City of Milton
1139 Smith Street,
Milton, WV 25541

Re: Binding Commitment Letter
City of Milton
Water Project 2003W-745

Dear Mayor Sargent:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer to the City of Milton (the "City") for an Infrastructure Fund loan of up to $3,322,000 (the "Loan") for the above referenced water project (Project). The Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the City has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the City's compliance with the program requirements. The Loan agreement will be between the City and the West Virginia Water Development Authority (WDA), acting on behalf of the Infrastructure Council.

This commitment is contingent upon the Project meeting the following schedule:

a. Submit Plans & Specification to the Bureau for Public Health by December 15, 2006.

b. File Certificate Case with the Public Service Commission no later than December 15, 2006.

c. Advertise for bids no later than April 1, 2007.
(The City must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the City becomes aware that it will not meet one or more of the above schedule dates, the City should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the City to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The WDA will enter into Loan agreement with the City following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Infrastructure Council, or agent or employee of the WDA shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the City has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/jb
Attachments
cc: Pat Taylor, BPH
Samme Gee, Jackson Kelly
Jonathan Carpenter, Thrasher Engineering, Inc.
John Stump, Steptoe & Johnson
Michael Griffith, Griffith & Associates
Bob Roedecker
Ron Flora

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return two copies to the Infrastructure Council.

City of Milton

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

City of Milton
Water Project 2003W-745
August 28, 2006

SCHEDULE A

A. Approximate Amount: $3,322,000 Loan

B. Loan: $3,322,000

1.	Maturity Date:	40 years from date of closing.
2.	Interest Rate:	0%
3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
5.	Special Conditions:	
	A. Reserve requirements	One year's annual debt service OR Funding one year's annual debt service over the first ten years
	B. Coverage	115% unless reserve fund is fully funded then coverage is 110%

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

C. Other Funding Sources:

Department of Interior grant	$1,000,000

D. Total Project Cost: $4,322,000

E. Proposed User Rates: $34.50 / 4500 gallons

Project Schedule

Project:	City of Milton	Funding:		
County:	Cabell		IJDC loan	$ 3,322,000
Project Number:	2003W-745		DOI Grant	1,000,000
		Total		$ 4,322,000

Action	Responsible Party	Start	Completion
Engineering Agreement (E/A)	Thrasher	8/1/06	9/1/06
PSC approval of E/A	NA	NA	NA
Prepare & Submit Plans & Specs to BPH	Thrasher	12/15/06	12/15/06
Plans & Specs. Review & Approval	Thrasher	12/15/06	2/1/07
Rate Ordinance (Rate Increase)	City	Complete	Complete
Prepare & Submit all Permit Applications	Thrasher	12/15/06	2/1/07
Prepare Rule 42	M. Griffith	10/15/06	12/1/06
File Certificate Case with PSC	R. Roedecker	12/15/06	12/15/06
Review & Approve PSC Certificate	PSC	12/15/06	5/15/07
Rights-of-way, Easements & Land Acquisition	Ron Flora	11/15/06	2/15/07
Authority to Advertise	IJDC	4/1/07	4/1/07
Advertise for Bids (30 days)	Thrasher	4/1/07	4/1/07
Bid Opening	Thrasher	5/1/07	5/1/07
Loan Closing	Steptoe & Johnson	8/1/07	8/1/07
Start Construction	Contractors	8/15/07	2/15/08

City - City of Milton
DOI - Department of Interior
IJDC - WV Infrastructure & Jobs Development Council
PSC - Public Service Commission
Thrasher - Thrasher Environmental, Inc.

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 30th day of July, 2008, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Milton (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $2,893,000, numbered AR-1 (the "Series 2008 A Bonds") and the Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) of the Issuer in the principal amount of $1,000,000, numbered BR-1 (the "Series 2008 B Bonds") both issued as a single, fully registered Bond, and both dated July 30, 2008.

2. At the time of such receipt, the Series 2008 A Bonds and the Series 2008 B Bonds had been executed by the Mayor and the Recorder of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2008 A Bonds, of the sum of $494,894, being a portion of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

4. The principal amount of the Series 2008 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

TOWN OF MILTON

Mayor

07.15.08
609970.00002

CH4910235.1

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 30th day of July, 2008, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Milton Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the principal amount of $2,893,000 (the "Series 2008 A Bonds") and Bond No. BR-1, constituting the entire original issue of the Town of Milton Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), in the principal amount of $1,000,000 (the "Series 2008 B Bonds"), both dated July 30, 2008 (collectively the "Bonds"), executed by the Mayor and the Recorder of the Town of Milton (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on July 1, 2008, and a Supplemental Resolution duly adopted by the Issuer on July 15, 2008 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bonds, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the loan agreements for the Series 2008 A Bonds and Series 2008 B Bonds, each dated July 30, 2008, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council ("Council") (collectively, the "Loan Agreement"); and

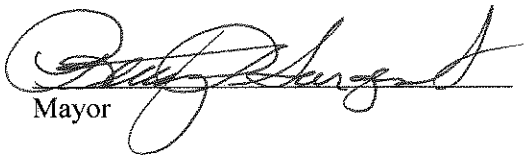
(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2008 A Bonds to the Authority upon payment to the Issuer of the sum of $494,894, representing a portion of the principal amount of the 2008 A Bonds. You are also hereby requested and authorized to deliver the Series 2008 B Bonds to the Authority. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

TOWN OF MILTON



Mayor

07.14.08
609970.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MILTON
WATER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,893,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 30th day of July, 2008, the 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO MILLION EIGHT HUNDRED NINETY THREE THOUSAND DOLLARS ($2,893,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 30, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on July 1, 2008, and a Supplemental Resolution duly adopted by the Issuer on July 15, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for

the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) WATER REVENUE BOND, 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"); (2) WATER REFUNDING REVENUE BONDS, SERIES 2007 A (THE OHIO VALLEY BANK COMPANY), DATED JUNE 8, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $529,300, (THE "SERIES 2007 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND) DATED JULY 30, 2008 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,000,000 (THE "SERIES 2008 B BONDS"). THE SERIES 1996 BONDS, THE 2007 A BONDS AND THE SERIES 2008 B BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenue in favor of the Holders of the Prior Bonds and the Series 2008 B Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2008 B Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2008 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 30, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $494,894	July 30, 2008	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$2,893,000

Town of Milton

40 Years from Closing Date, 0% Interest Rate

Closing Date: July 30, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	18,786.00	-	18,786.00
06/01/2010	18,786.00	-	18,786.00
09/01/2010	18,786.00	-	18,786.00
12/01/2010	18,786.00	-	18,786.00
03/01/2011	18,786.00	-	18,786.00
06/01/2011	18,786.00	-	18,786.00
09/01/2011	18,786.00	-	18,786.00
12/01/2011	18,786.00	-	18,786.00
03/01/2012	18,786.00	-	18,786.00
06/01/2012	18,786.00	-	18,786.00
09/01/2012	18,786.00	-	18,786.00
12/01/2012	18,786.00	-	18,786.00
03/01/2013	18,786.00	-	18,786.00
06/01/2013	18,786.00	-	18,786.00
09/01/2013	18,786.00	-	18,786.00
12/01/2013	18,786.00	-	18,786.00
03/01/2014	18,786.00	-	18,786.00
06/01/2014	18,786.00	-	18,786.00
09/01/2014	18,786.00	-	18,786.00
12/01/2014	18,786.00	-	18,786.00
03/01/2015	18,786.00	-	18,786.00
06/01/2015	18,786.00	-	18,786.00
09/01/2015	18,786.00	-	18,786.00
12/01/2015	18,786.00	-	18,786.00
03/01/2016	18,786.00	-	18,786.00
06/01/2016	18,786.00	-	18,786.00
09/01/2016	18,786.00	-	18,786.00
12/01/2016	18,786.00	-	18,786.00
03/01/2017	18,786.00	-	18,786.00
06/01/2017	18,786.00	-	18,786.00
09/01/2017	18,786.00	-	18,786.00
12/01/2017	18,786.00	-	18,786.00
03/01/2018	18,786.00	-	18,786.00
06/01/2018	18,786.00	-	18,786.00
09/01/2018	18,786.00	-	18,786.00
12/01/2018	18,786.00	-	18,786.00
03/01/2019	18,786.00	-	18,786.00
06/01/2019	18,786.00	-	18,786.00

$2,893,000

Town of Milton

40 Years from Closing Date, 0% Interest Rate

Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2019	18,786.00	-	18,786.00
12/01/2019	18,786.00	-	18,786.00
03/01/2020	18,786.00	-	18,786.00
06/01/2020	18,786.00	-	18,786.00
09/01/2020	18,786.00	-	18,786.00
12/01/2020	18,786.00	-	18,786.00
03/01/2021	18,786.00	-	18,786.00
06/01/2021	18,786.00	-	18,786.00
09/01/2021	18,786.00	-	18,786.00
12/01/2021	18,786.00	-	18,786.00
03/01/2022	18,786.00	-	18,786.00
06/01/2022	18,786.00	-	18,786.00
09/01/2022	18,786.00	-	18,786.00
12/01/2022	18,786.00	-	18,786.00
03/01/2023	18,786.00	-	18,786.00
06/01/2023	18,786.00	-	18,786.00
09/01/2023	18,786.00	-	18,786.00
12/01/2023	18,786.00	-	18,786.00
03/01/2024	18,786.00	-	18,786.00
06/01/2024	18,786.00	-	18,786.00
09/01/2024	18,786.00	-	18,786.00
12/01/2024	18,786.00	-	18,786.00
03/01/2025	18,786.00	-	18,786.00
06/01/2025	18,786.00	-	18,786.00
09/01/2025	18,786.00	-	18,786.00
12/01/2025	18,786.00	-	18,786.00
03/01/2026	18,786.00	-	18,786.00
06/01/2026	18,786.00	-	18,786.00
09/01/2026	18,786.00	-	18,786.00
12/01/2026	18,786.00	-	18,786.00
03/01/2027	18,786.00	-	18,786.00
06/01/2027	18,786.00	-	18,786.00
09/01/2027	18,786.00	-	18,786.00
12/01/2027	18,786.00	-	18,786.00
03/01/2028	18,786.00	-	18,786.00
06/01/2028	18,786.00	-	18,786.00
09/01/2028	18,786.00	-	18,786.00
12/01/2028	18,786.00	-	18,786.00
03/01/2029	18,786.00	-	18,786.00
06/01/2029	18,786.00	-	18,786.00
09/01/2029	18,786.00	-	18,786.00
12/01/2029	18,786.00	-	18,786.00
03/01/2030	18,786.00	-	18,786.00
06/01/2030	18,786.00	-	18,786.00

$2,893,000

Town of Milton

40 Years from Closing Date, 0% Interest Rate

Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2030	18,786.00	-	18,786.00
12/01/2030	18,786.00	-	18,786.00
03/01/2031	18,786.00	-	18,786.00
06/01/2031	18,786.00	-	18,786.00
09/01/2031	18,786.00	-	18,786.00
12/01/2031	18,786.00	-	18,786.00
03/01/2032	18,786.00	-	18,786.00
06/01/2032	18,786.00	-	18,786.00
09/01/2032	18,786.00	-	18,786.00
12/01/2032	18,786.00	-	18,786.00
03/01/2033	18,786.00	-	18,786.00
06/01/2033	18,786.00	-	18,786.00
09/01/2033	18,786.00	-	18,786.00
12/01/2033	18,786.00	-	18,786.00
03/01/2034	18,786.00	-	18,786.00
06/01/2034	18,786.00	-	18,786.00
09/01/2034	18,786.00	-	18,786.00
12/01/2034	18,786.00	-	18,786.00
03/01/2035	18,786.00	-	18,786.00
06/01/2035	18,786.00	-	18,786.00
09/01/2035	18,786.00	-	18,786.00
12/01/2035	18,786.00	-	18,786.00
03/01/2036	18,786.00	-	18,786.00
06/01/2036	18,786.00	-	18,786.00
09/01/2036	18,786.00	-	18,786.00
12/01/2036	18,786.00	-	18,786.00
03/01/2037	18,786.00	-	18,786.00
06/01/2037	18,786.00	-	18,786.00
09/01/2037	18,785.00	-	18,785.00
12/01/2037	18,785.00	-	18,785.00
03/01/2038	18,785.00	-	18,785.00
06/01/2038	18,785.00	-	18,785.00
09/01/2038	18,785.00	-	18,785.00
12/01/2038	18,785.00	-	18,785.00
03/01/2039	18,785.00	-	18,785.00
06/01/2039	18,785.00	-	18,785.00
09/01/2039	18,785.00	-	18,785.00
12/01/2039	18,785.00	-	18,785.00
03/01/2040	18,785.00	-	18,785.00
06/01/2040	18,785.00	-	18,785.00
09/01/2040	18,785.00	-	18,785.00
12/01/2040	18,785.00	-	18,785.00
03/01/2041	18,785.00	-	18,785.00
06/01/2041	18,785.00	-	18,785.00

$2,893,000

Town of Milton
40 Years from Closing Date, 0% Interest Rate
Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2041	18,785.00	-	18,785.00
12/01/2041	18,785.00	-	18,785.00
03/01/2042	18,785.00	-	18,785.00
06/01/2042	18,785.00	-	18,785.00
09/01/2042	18,785.00	-	18,785.00
12/01/2042	18,785.00	-	18,785.00
03/01/2043	18,785.00	-	18,785.00
06/01/2043	18,785.00	-	18,785.00
09/01/2043	18,785.00	-	18,785.00
12/01/2043	18,785.00	-	18,785.00
03/01/2044	18,785.00	-	18,785.00
06/01/2044	18,785.00	-	18,785.00
09/01/2044	18,785.00	-	18,785.00
12/01/2044	18,785.00	-	18,785.00
03/01/2045	18,785.00	-	18,785.00
06/01/2045	18,785.00	-	18,785.00
09/01/2045	18,785.00	-	18,785.00
12/01/2045	18,785.00	-	18,785.00
03/01/2046	18,785.00	-	18,785.00
06/01/2046	18,785.00	-	18,785.00
09/01/2046	18,785.00	-	18,785.00
12/01/2046	18,785.00	-	18,785.00
03/01/2047	18,785.00	-	18,785.00
06/01/2047	18,785.00	-	18,785.00
09/01/2047	18,785.00	-	18,785.00
12/01/2047	18,785.00	-	18,785.00
03/01/2048	18,785.00	-	18,785.00
06/01/2048	18,785.00	-	18,785.00
Total	**$2,893,000.00**	-	**$2,893,000.00**

Yield Statistics

Bond Year Dollars	$59,916.64
Average Life	20.711 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	9.36E-11
Bond Yield for Arbitrage Purposes	9.36E-11
All Inclusive Cost (AIC)	9.36E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.711 Years

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MILTON
WATER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $1,000,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 30th day of July, 2008, the 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 West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION DOLLARS ($1,000,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the Council, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 30, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public waterworks system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on July 1, 2008, and a Supplemental Resolution duly adopted by the Issuer on July 15, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and

secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (1) WATER REVENUE BOND, 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"); (2) WATER REFUNDING REVENUE BONDS, SERIES 2007 A (THE OHIO VALLEY BANK COMPANY), DATED JUNE 8, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $529,300, (THE "SERIES 2007 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) DATED JULY 30, 2008 ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,893,000 (THE "SERIES 2008 A BONDS"). THE SERIES 1996 BONDS, THE 2007 A BONDS AND THE SERIES 2008 A BONDS ARE HEREINAFTER REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenue in favor of the Holders of the Prior Bonds and the Series 2008 A Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2008 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This bond is also secured by the proceeds of a United States Department of Interior or Environmental Protection Agency grant committed to the Project and the Series 2008 B Bond shall be prepaid upon receipt of such grant. 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, if any, hereon, except from said special fund provided from the Gross Revenues, the monies in the Series 2008 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds and the Series 2008 A Bonds; provided however, that so long as there exists in the Series 2008 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds and the Series 2008 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[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 and attested by its Recorder, and has caused this Bond to be dated as of the day and year first written above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

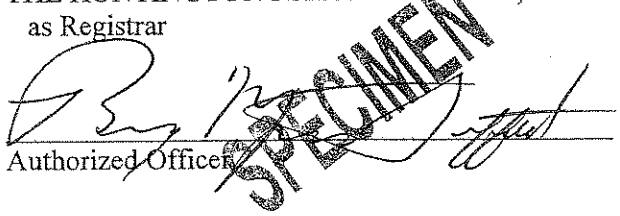
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 30, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $-0-	July 30, 2008	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$1,000,000

Town of Milton

40 Years from Closing Date, 0% Interest Rate

Closing Date: July 30, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	6,494.00	-	6,494.00
06/01/2010	6,494.00	-	6,494.00
09/01/2010	6,494.00	-	6,494.00
12/01/2010	6,494.00	-	6,494.00
03/01/2011	6,494.00	-	6,494.00
06/01/2011	6,494.00	-	6,494.00
09/01/2011	6,494.00	-	6,494.00
12/01/2011	6,494.00	-	6,494.00
03/01/2012	6,494.00	-	6,494.00
06/01/2012	6,494.00	-	6,494.00
09/01/2012	6,494.00	-	6,494.00
12/01/2012	6,494.00	-	6,494.00
03/01/2013	6,494.00	-	6,494.00
06/01/2013	6,494.00	-	6,494.00
09/01/2013	6,494.00	-	6,494.00
12/01/2013	6,494.00	-	6,494.00
03/01/2014	6,494.00	-	6,494.00
06/01/2014	6,494.00	-	6,494.00
09/01/2014	6,494.00	-	6,494.00
12/01/2014	6,494.00	-	6,494.00
03/01/2015	6,494.00	-	6,494.00
06/01/2015	6,494.00	-	6,494.00
09/01/2015	6,494.00	-	6,494.00
12/01/2015	6,494.00	-	6,494.00
03/01/2016	6,494.00	-	6,494.00
06/01/2016	6,494.00	-	6,494.00
09/01/2016	6,494.00	-	6,494.00
12/01/2016	6,494.00	-	6,494.00
03/01/2017	6,494.00	-	6,494.00
06/01/2017	6,494.00	-	6,494.00
09/01/2017	6,494.00	-	6,494.00
12/01/2017	6,494.00	-	6,494.00
03/01/2018	6,494.00	-	6,494.00
06/01/2018	6,494.00	-	6,494.00
09/01/2018	6,494.00	-	6,494.00
12/01/2018	6,494.00	-	6,494.00
03/01/2019	6,494.00	-	6,494.00
06/01/2019	6,494.00	-	6,494.00

$1,000,000

Town of Milton

40 Years from Closing Date, 0% Interest Rate

Closing Date: July 30, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
09/01/2019	6,494.00	-	6,494.00
12/01/2019	6,494.00	-	6,494.00
03/01/2020	6,494.00	-	6,494.00
06/01/2020	6,494.00	-	6,494.00
09/01/2020	6,494.00	-	6,494.00
12/01/2020	6,494.00	-	6,494.00
03/01/2021	6,494.00	-	6,494.00
06/01/2021	6,494.00	-	6,494.00
09/01/2021	6,494.00	-	6,494.00
12/01/2021	6,494.00	-	6,494.00
03/01/2022	6,494.00	-	6,494.00
06/01/2022	6,494.00	-	6,494.00
09/01/2022	6,494.00	-	6,494.00
12/01/2022	6,494.00	-	6,494.00
03/01/2023	6,494.00	-	6,494.00
06/01/2023	6,494.00	-	6,494.00
09/01/2023	6,494.00	-	6,494.00
12/01/2023	6,494.00	-	6,494.00
03/01/2024	6,494.00	-	6,494.00
06/01/2024	6,494.00	-	6,494.00
09/01/2024	6,494.00	-	6,494.00
12/01/2024	6,494.00	-	6,494.00
03/01/2025	6,494.00	-	6,494.00
06/01/2025	6,494.00	-	6,494.00
09/01/2025	6,494.00	-	6,494.00
12/01/2025	6,494.00	-	6,494.00
03/01/2026	6,494.00	-	6,494.00
06/01/2026	6,494.00	-	6,494.00
09/01/2026	6,494.00	-	6,494.00
12/01/2026	6,494.00	-	6,494.00
03/01/2027	6,494.00	-	6,494.00
06/01/2027	6,494.00	-	6,494.00
09/01/2027	6,494.00	-	6,494.00
12/01/2027	6,494.00	-	6,494.00
03/01/2028	6,494.00	-	6,494.00
06/01/2028	6,494.00	-	6,494.00
09/01/2028	6,494.00	-	6,494.00
12/01/2028	6,494.00	-	6,494.00
03/01/2029	6,494.00	-	6,494.00
06/01/2029	6,494.00	-	6,494.00
09/01/2029	6,493.00	-	6,493.00
12/01/2029	6,493.00	-	6,493.00
03/01/2030	6,493.00	-	6,493.00
06/01/2030	6,493.00	-	6,493.00

$1,000,000

Town of Milton

40 Years from Closing Date, 0% Interest Rate

Closing Date: July 30, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
09/01/2030	6,493.00	-	6,493.00
12/01/2030	6,493.00	-	6,493.00
03/01/2031	6,493.00	-	6,493.00
06/01/2031	6,493.00	-	6,493.00
09/01/2031	6,493.00	-	6,493.00
12/01/2031	6,493.00	-	6,493.00
03/01/2032	6,493.00	-	6,493.00
06/01/2032	6,493.00	-	6,493.00
09/01/2032	6,493.00	-	6,493.00
12/01/2032	6,493.00	-	6,493.00
03/01/2033	6,493.00	-	6,493.00
06/01/2033	6,493.00	-	6,493.00
09/01/2033	6,493.00	-	6,493.00
12/01/2033	6,493.00	-	6,493.00
03/01/2034	6,493.00	-	6,493.00
06/01/2034	6,493.00	-	6,493.00
09/01/2034	6,493.00	-	6,493.00
12/01/2034	6,493.00	-	6,493.00
03/01/2035	6,493.00	-	6,493.00
06/01/2035	6,493.00	-	6,493.00
09/01/2035	6,493.00	-	6,493.00
12/01/2035	6,493.00	-	6,493.00
03/01/2036	6,493.00	-	6,493.00
06/01/2036	6,493.00	-	6,493.00
09/01/2036	6,493.00	-	6,493.00
12/01/2036	6,493.00	-	6,493.00
03/01/2037	6,493.00	-	6,493.00
06/01/2037	6,493.00	-	6,493.00
09/01/2037	6,493.00	-	6,493.00
12/01/2037	6,493.00	-	6,493.00
03/01/2038	6,493.00	-	6,493.00
06/01/2038	6,493.00	-	6,493.00
09/01/2038	6,493.00	-	6,493.00
12/01/2038	6,493.00	-	6,493.00
03/01/2039	6,493.00	-	6,493.00
06/01/2039	6,493.00	-	6,493.00
09/01/2039	6,493.00	-	6,493.00
12/01/2039	6,493.00	-	6,493.00
03/01/2040	6,493.00	-	6,493.00
06/01/2040	6,493.00	-	6,493.00
09/01/2040	6,493.00	-	6,493.00
12/01/2040	6,493.00	-	6,493.00
03/01/2041	6,493.00	-	6,493.00
06/01/2041	6,493.00	-	6,493.00

$1,000,000

Town of Milton

40 Years from Closing Date, 0% Interest Rate

Closing Date: July 30, 2008

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
09/01/2041	6,493.00	-	6,493.00
12/01/2041	6,493.00	-	6,493.00
03/01/2042	6,493.00	-	6,493.00
06/01/2042	6,493.00	-	6,493.00
09/01/2042	6,493.00	-	6,493.00
12/01/2042	6,493.00	-	6,493.00
03/01/2043	6,493.00	-	6,493.00
06/01/2043	6,493.00	-	6,493.00
09/01/2043	6,493.00	-	6,493.00
12/01/2043	6,493.00	-	6,493.00
03/01/2044	6,493.00	-	6,493.00
06/01/2044	6,493.00	-	6,493.00
09/01/2044	6,493.00	-	6,493.00
12/01/2044	6,493.00	-	6,493.00
03/01/2045	6,493.00	-	6,493.00
06/01/2045	6,493.00	-	6,493.00
09/01/2045	6,493.00	-	6,493.00
12/01/2045	6,493.00	-	6,493.00
03/01/2046	6,493.00	-	6,493.00
06/01/2046	6,493.00	-	6,493.00
09/01/2046	6,493.00	-	6,493.00
12/01/2046	6,493.00	-	6,493.00
03/01/2047	6,493.00	-	6,493.00
06/01/2047	6,493.00	-	6,493.00
09/01/2047	6,493.00	-	6,493.00
12/01/2047	6,493.00	-	6,493.00
03/01/2048	6,493.00	-	6,493.00
06/01/2048	6,493.00	-	6,493.00
Total	**$1,000,000.00**	-	**$1,000,000.00**

Yield Statistics

Bond Year Dollars	$20,710.37
Average Life	20.710 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	9.33E-11
Bond Yield for Arbitrage Purposes	9.33E-11
All Inclusive Cost (AIC)	9.33E-11

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.710 Years

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

July 30, 2008

Town of Milton
Water Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

Town of Milton
Milton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Milton (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $2,893,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated July 30, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, to and including June 1, 2048, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public water system of the Issuer (the "Project"); (ii) funding the Series 2008 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on July 1, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 15, 2008 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues 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"); Water Refunding Revenue Bonds, Series 2007 A (The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300 (the "Series 2007 A Bonds") (collectively, the "Prior Bonds") and Water Revenue Bonds, Series 2008 B (West Virginia Water Infrastructure Fund), dated July 30, 2008, issued simultaneously herewith in the original aggregate principal amount of $1,000,000 (the "Series 2008 B Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer has obtained the written consent of the holders of the Series 1996 Bonds to the issuance of the Bonds on a parity with the Prior Bonds.

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

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

07.15.08
609970.00002

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

July 30, 2008

Town of Milton
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Town of Milton
Milton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Milton (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $1,000,000 Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated July 30, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2010, to and including June 1, 2048, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public water system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on July 1, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 15, 2008 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues 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"); Water Refunding Revenue Bonds, Series 2007 The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300 (the "Series 2007 A Bonds") (collectively, the "Prior Bonds") and Water Revenue Bonds, Series 2008 A (West Virginia Water Infrastructure Fund), dated July 30, 2008, issued simultaneously herewith in the original aggregate principal amount of $2,893,000 (the "Series 2008 A Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation. The Issuer has obtained the written consent of the holders of the Series 1996 Bonds to the issuance of the Bonds on a parity with the Prior Bonds. The Series 2008 B Bonds are also secured by the proceeds from a Department of Interior grant or a United States Environmental Protection Agency grant committed to the Project and the Series 2008 B Bond shall be prepaid upon receipt of such grant.

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

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

07.15.08
609970.00002

Ronald J. Flora
ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

(304) 743-5354
FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / CLA

July 30, 2008

Town of Milton
Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Town of Milton
Milton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Milton in Cabell County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as counsel, loan agreements for the Series 2008 A Bonds and Series 2008 B Bonds, each dated July 30, 2008, including all schedules and exhibits attached thereto by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on July 1, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 15, 2008 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the Council of the Issuer has been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

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

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

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

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

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

Very truly yours,

RON FLORA

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@wvdsl.net

JAMES V. KELSH
OF COUNSEL
kelshlaw@yahoo.com

AREA CODE 304
343-1654

FACSIMILE
343-1657

July 30, 2008

Town of Milton
Milton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Town of Milton
Water Revenue Bonds Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

I am special counsel to the Town of Milton, a municipal corporation in Cabell County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, and the operation of the System. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia ("PSC") entered on December 5, 2007, which became Final Order on December 25, 2007 ("December 25, 2007 Order"), in Case No. 07-1667-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Order has expired prior to the date hereof.

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

Sincerely,

Robert R. Rodecker

RRR/bg

Ronald J. Flora
ATTORNEY AT LAW
1115 SMITH STREET
MILTON, WEST VIRGINIA 25541

(304) 743-5354
FAX (304) 743-4120
E-MAIL: lawro77@aol.com

Jennifer R. Smith / CLA

July 30, 2008

Town of Milton
1139 Smith Street
Milton, West Virginia 25541

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

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

Steptoe & Johnson, PLLC
Post Office Box 1588
Charleston, West Virginia 25326-1588

Re: Final Title Opinion for Town of Milton

Ladies and Gentlemen:

I am counsel to the Town of Milton (the "Issuer") in connection with a proposed project to for the replacement, upgrade and extension of existing waterlines, construction of a 350,000-gallon water storage tank in Milton, Cabell County, and for approval of financing related thereto (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "WVIJDC) for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing municipal utility possessed with all the powers and authority granted to a municipal utility under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the Bureau for Public Health and WVIJDC.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Cabell County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project, with the exception of any additional real estate which may be required to be obtained relative to the Glenwood Tank Replacement Site.

See attached exhibit for easements acquired and fee simple title acquired

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Cabell County to protect the legal title to and interest of the Issuer.

Very truly yours,

Ronald J. Flora
Attorney at Law

UPDATED 06/12/08

CITY OF MILTON
EASEMENT LIST

	NAME	TAX MAP AND PARCEL	BOOK AND PAGE
1.	Arthur Ashworth	TM 4, Parcel 96 and 94	**352/4**
2.	Arthur Ashworth	TM 4, Parcel 96 and 94	**352/7**
3.	Ralph Bassett	TM 5, Parcel 36	**351/458**
4.	Jack T. Black	TM 5, Parcel 24	**351/449**
5.	David F. Blackwood	TM 20, Parcel 27	**352/1**
6.	Crystal D. Chapman	TM 21, Parcel 3.3	**352/379**
7.	Paul Clagg	TM 4, Parcel 15.1	**351/661**
8.	Rex A. Clagg	TM 9, Parcel 21.1	**351/652**
9.	David Clark	TM 4, Parcel 17	**352/382 & 352/385**
10.	Frederick Clay	TM 4, Parcel 92	**351/452**
11.	Pam Cottrill	TM 20, Parcel 25	**352/10**
12.	Cecil E. Courts, Jr.	TM 21, Parcel 28	**351/633**
13.	Carl J. Davis	TM 9, Parcel 30.1	**351/655**
14.	Clifford E. Davis	TM 21, Parcel 197	**352/627**
15.	Edna Davis	TM 15 & 9;	**351/642**
16.	Edna Davis	TM 15, Parcel 15 & 18	**351/645**
17.	May Lener Davis	TM 21, Parcel 4 (Bore pit)	**353/286**
18.	Lyle R. Davis (Sharon)	TM 9, Parcel 31	**351/648**
19.	Ronnie M. Davis	TM 4, Parcel 20.1	**351/664**
20.	Timothy S. Davis	TM 21, Parcel 3.4 (Smith Ck)	**352/347**
21.	Harold Duffer	TM 4, Parcel 20	**351/658**
22.	Katherine D. Elliott	TM 4, Parcel 89 & 90	**353/211**
23.	Dwight Fisher	TM 5, Parcel 21	**352/369**
24.	Deborah Gould Schrader	TM 4, Parcel 93	**352/388**
25.	Gregory D. Hatfield	TM 9, Parcel 31.3	**351/464**
26.	James Hibner	TM 20, Parcel 26	**352/190**
27.	Randy Hughes (Erik Bails)	TM 4, Parcel 91	**352/344**
28.	James River Land Dev.	TM 20, Parcel 159 & 142	**352/366**
29.	James River Land Dev.	TM 20, Parcel 159 & 142	**352/376**
30.	Rita Kessell	TM 4, Parcel 15.21	**352/490**
31.	John P. Kleimann	TM 21, Parcel 3.2 (Smith Ck)	**Have**
32.	Ivan Knapp	TM 4, Parcel 18 & 19	**351/667**
33.	Ivan Knapp	TM 4, Parcel 18 & 19	**351/670**
34.	Randie Lawson (Hick'ry)	TM 15, Parcel 12	**352/414**
35.	Rodman Lowe/V. Stewart	TM 21, Parcel 3	**351/455 & 352/13**
36.	Kenneth Lunsford	TM 15, Parcel 9.2, 9, 4	**351/461**
37.	Robert Lunsford	TM 15, Parcel 9.1	**351/676**

UPDATED 06/12/08

CITY OF MILTON
EASEMENT LIST
PAGE 2 OF 2

	NAME	TAX MAP AND PARCEL	BOOK AND PAGE
38.	Boyd Meadows	TM 4, Parcel 95	**351/470**
39.	Michael McKinney	TM 4, Parcel 87 & 88	**354/10**
	Dwaine Fetty		**354/116**
40.	Milton Flea Market	TM 20, Parcel 24.2	**351/467**
41.	Kariann T. Paugh	TM 15, Parcel 4.4	**351/636**
42.	Joyce Smith	TM 21, Parcel 198	**352/372**
43.	Shawn E. Taylor	TM 20, Parcel 103	**352/411**
44.	Rick D. Sovine	TM 21, Parcel 24	**351/757**
45.	Eloise & Keith Wallace	TM 21, Parcel 23.1 & 23.2	**352/476 & 475**
46.	Cheryl White	TM 15, Parcel 17	**351/639**
47.	WV Division of Trans	TM 15, Parcel 4.2	**Have/recorded**
48.	Fred & Frances Dailey	TM 21, Parcel 23	**352/675**
49.	Tolley		**352/477**
50.	Alfred Harshbarger		**353/550**
51.	Brenda Sayre		**353/562**

FEE SIMPLE

1.	Hick'ry Knoll Farms	TM 15, Parcel 12 (Tank Site)	**1183/533**

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS; OTHER FUNDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDERS
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICES
19. COMPLIANCE WITH THE WEST VIRGINIA JOBS ACT
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Milton in Cabell County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify on this the 30th day of July, 2008, in connection with the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2008 A Bonds" and the "Series 2008 B Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted July 1, 2008, and the Supplemental Resolution duly adopted July 15, 2008 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues or any grants, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Gross Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds and Series 2008 B Bonds as to liens, pledge, source of and security for payment, being the 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") and the Water Refunding Revenue Bonds, Series 2007 A (The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300 (the "Series 2007 A Bonds") (collectively, the "Prior Bonds"). The Prior Bonds are payable from and secured by a first lien on the Gross Revenues of the System.

The Series 2008 A Bonds and the Series 2008 B Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1996 Bonds to the issuance of the Series 2008 A Bonds and the Series 2008 B 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 covenants of the Prior Bonds and the Prior Ordinance.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Infrastructure Council Loan Agreements

Public Service Commission Order(s)

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance

Affidavit of Publication of Water Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Water Rate Ordinance

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

Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution

Bureau of Public Health Permit

Evidence of Insurance

Prior Bonds Ordinances

RUS Consent to Issuance of Parity Bonds

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Milton." The Issuer is a municipal corporation in Cabell County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor, a Recorder and 5 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name		Date of Commencement of Office	Date of Termination of Office
Betty P. Sargent	- Mayor	July 1, 2007	June 30, 2009
Ken Klingler	- Recorder	July 1, 2007	June 30, 2009
Phyllis Smith	- Councilmember	July 1, 2007	June 30, 2009
Gary Holbert	- Councilmember	July 1, 2007	June 30, 2009
Kelly Mullins	- Councilmember	July 1, 2007	June 30, 2009
Bonnie Lewis	- Councilmember	July 1, 2007	June 30, 2009
Bob Legg	- Councilmember	July 1, 2007	June 30, 2009

The duly appointed and acting Counsel to the Issuer is Ron Flora, in Milton, West Virginia and Robert Rodecker, Charleston, West Virginia is acting Special PSC Counsel to the Issuer.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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 and the acquisition, construction and financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the dates of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has duly enacted a water rate ordinance on January 17, 2006, setting rates and charges for the services of the System. The time for appeal of such water rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series of the Bonds, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS; OTHER FUNDS: On the date hereof, the Issuer received the sum of $494,894 from the Authority and the Council, being a portion of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Herald Dispatch*, a qualified newspaper of general circulation in the Town of Milton, there being no newspaper

published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 15th day of July, 2008, at 7:00 p.m., at the Town Hall, Milton, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on December 5, 2007 which became Final Order on December 25, 2007, in Case No.07-1667-W-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. Such Order remains in full force and effect.

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

17. 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, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

19. COMPLIANCE WITH WEST VIRGINIA JOBS ACT: Unless it shall hereafter be qualified for an exception, the Issuer hereby covenants to comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the"West Virginia Jobs Act") and will require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Issuer hereby certifies to the Authority and the Council that (i) the Issuer will comply with all the requirements of the West Virginia Jobs Act; (ii) the Issuer has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (iii) the Issuer has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (iv) the Issuer will file

with the DOL and the Authority copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

20. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of the TOWN OF MILTON on the day and year first above written.

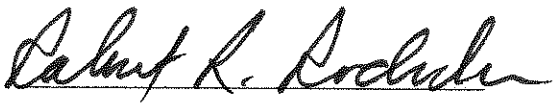
[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to the Issuer
_____	Special PSC Counsel (Paragraph 15)

07.15.08
609970.00002

WITNESS our signatures and the official seal of the TOWN OF MILTON on the day and year first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to the Issuer
	Special PSC Counsel (Paragraph 15)

07.15.08
609970.00002

CH4910238.1

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

On this 30th day of July, 2008, I, Jonathan Carpenter, Registered Professional Engineer, West Virginia License No. 15425 of Thrasher Engineering, Inc., of Charleston, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the existing public waterworks system (the "System") of the Town of Milton (the "Issuer") to be constructed primarily in Cabell County, West Virginia, which acquisition and construction are being permanently financed, in part, by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on July 1, 2008, as supplemented by Supplemental Resolution duly adopted on July 15, 2008, and the loan agreements for the Series 2008 A Bonds and Series 2008 B Bonds, both dated July 30, 2008, by and between the Issuer and the West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council ("Council") (collectively, the "Loan Agreement").

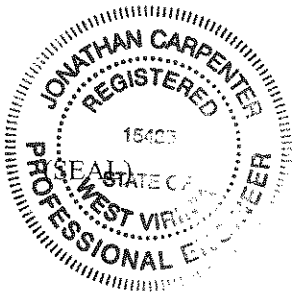
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding the Series 2008 A Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty (40) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B, attached hereto as Exhibit A and the Issuer's counsel, Ron Flora, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for

accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of Issuer's certified public accountant, Griffith & Associates, as of the effective date thereof, the rates and charges for the System enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal as of the date first written above.



THRASHER ENGINEERING, INC.

Jonathan Carpenter, P.E.
West Virginia License No. 15425

07.09.08
609970.00002

CH4910225.1

SCHEDULE B
CITY OF MILTON
WATER PROJECT

A. COST OF PROJECT		TOTAL	IJDC #1	IJDC #2
1 Construction				
Contract 1 Stonegate		1,829,603.00	829,603.00	1,000,000.00
Contract 2 Mid Atlantic Storage		372,300.00	372,300.00	0.00
Funding Committee (6/27/08) I Approved Items		603,000.00	603,000.00	0.00
Accounting Software Upgrade	10,000.00			
Trailer	20,000.00			
Air Compressor	15,000.00			
Truck Utility Boxes	12,000.00			
Glenwood Water Line Upgrade	44,000.00			
Roberts Avenue Water Line Upgrade	13,000.00			
Harshbarger Drive Water Line Upgrade	9,000.00			
Fire Hydrant Replacements	10,000.00			
Repair/Paint Stewart and Gore Tank	80,000.00			
Glenwood Tank Replacement	350,000.00			
Northwest Pressure Zone (PRV's)	25,000.00			
Water Utility Security System	15,000.00			
2 Technical Services Thrasher				
a. Planning		10,000.00	10,000.00	0.00
b. Design		312,500.00	312,500.00	0.00
c Construction		216,000.00	216,000.00	0.00
3 Legal & Fiscal				
a. Legal Flora		25,000.00	25,000.00	0.00
b. Legal (PSC) Rodecker		25,000.00	25,000.00	0.00
c. Accounting Griffith		25,000.00	25,000.00	0.00
4 Administrative		30,000.00	30,000.00	0.00
5 Sites & Other Lands				
a. Land acquisition / ROW		10,000.00	10,000.00	0.00
6 Interim Financing		0.00	0.00	0.00
7 Miscellaneous				
a. Archaeological Phase I		10,000.00	10,000.00	0.00
b. DOH Bond and Inspection Fees		135,000.00	135,000.00	0.00
c. Permits and Power Applications		30,000.00	30,000.00	0.00
8 Contingency		157,465.44	157,465.44	0.00
9 TOTAL of Lines 1 through 8		3,790,868.44	2,790,868.44	1,000,000.00
B COST OF FINANCING				
10 Reserves		76,131.56	76,131.56	0.00
11 Other Costs				
a. Registrar fees		1,000.00	1,000.00	0.00
b Bond Counsel (S&J)		25,000.00	25,000.00	0.00
12 Cost of Issuance		102,131.56	102,131.56	0.00
13 TOTAL PROJECT COST line 9 plus line 12		3,893,000.00	2,893,000.00	1,000,000.00
C SOURCES OFOTHER FUNDS				
14 Federal Grants				
15 State Grants				
16 Other Grants				
17 Any Other Source				
18 TOTAL GRANTS Lines 14 through 17		0.00	0.00	0.00
19 Size of Bond Issue		3,893,000.00	2,893,000.00	1,000,000.00

Town of Milton — Date 7-15-2008

Thrasher Engineering — Date 7-23-2008

July 30, 2008

Town of Milton
Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Town of Milton
Milton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, 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, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system of the Issuer (the "System"), (i) 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 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Series 2008 A Bonds") and the Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) (the "Series 2008 B Bonds") to be issued to the Water Development Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (collectively, 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 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"); and the Water Refunding Revenue Bonds, Series 2007 A (The Ohio Valley Bank Company), dated June 8, 2007, issued in the original aggregate principal amount of $529,300 (the "Series 2007 A Bonds") (collectively, the "Prior Bonds") and (ii) will provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Prior Bonds, and sufficient to make the payments required into the Reserve Funds and the depreciation reserves and all necessary expenses of operating and maintaining the System during such Fiscal year.

It is further our opinion that (i) the Net Revenue 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 increase 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 and interest on the Bonds and the Prior Bonds.

Very truly yours,

Michael D. Griffith CPA/dk

MDG/dk

Michael D. Griffith, CPA
GRIFFITH & ASSOCIATES

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 Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Milton in Cabell County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $2,893,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) and $1,000,000 Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, dated July 30, 2008 (the "Bonds"), hereby certifies on the 30th day of July, 2008, as follows:

1. 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. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on July 1, 2008, as supplemented (the "Bond Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 30, 2008, the date on which the Bonds are being physically delivered in exchange for an initial advance of principal of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2008 A Bonds were sold on July 30, 2008, to the Authority, pursuant to a loan agreement dated July 30, 2008, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $2,893,000 (100% of par), at which time, the Issuer received $494,894 from the Authority and the Council, being the first advance of the principal amount of the Series 2008 A Bonds, no accrued interest has been or will be paid on the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2008 B Bonds were sold on July 30, 2008, to the Authority, pursuant to a loan agreement dated July 30, 2008, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $1,000,000 (100% of par), no accrued interest has been or will be paid on the Series 2008 B Bonds. The entire principal amount of the Series 2008 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) funding the Series 2008 A Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the respective Reserve Accounts, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December 1, 2009. The acquisition and construction of the Project is expected to be completed by June 1, 2009.

9. The total cost of the Project is estimated at $3,893,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2008 A Bonds	$2,893,000
Proceeds of the Series 2008 B Bonds	$1,000,000
Total Sources	$3,893,000

USES	
Costs of Acquisition and Construction of the Project	$3,792,357
Funding Series 2008 A Bonds Reserve Account	75,143
Costs of Issuance	25,500
Total Uses	$3,893,000

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Bonds:

(1) Revenue Fund (established by Prior Ordinance);

(2) Renewal and Replacement Fund (established by Prior Ordinance);

(3) Series 2008 A Bonds Sinking Fund;

(4) Series 2008 A Bonds Reserve Account;

(5) Series 2008 B Bonds Sinking Fund;

(6) Series 2008 B Bonds Reserve Account; and

(7) Series 2008 Bonds Construction Trust Fund.

11. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Series 2008 A Bonds will be deposited as follows:

(1) Proceeds of the Series 2008 A Bonds in the amount of $-0- will be deposited in the Series 2008 A Bonds Sinking Fund as capitalized interest.

(2) Proceeds of the Series 2008 A Bonds in the amount of $75,143 will be deposited with the Commission in the Series 2008 A Bonds Reserve Account.

(3) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

12. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Series 2008 B Bonds will be deposited as follows:

(1) Proceeds of the Series 2008 B Bonds in the amount of $-0- will be deposited in the Series 2008 B Bonds Sinking Fund as capitalized interest.

(2) Proceeds of the Series 2008 B Bonds in the amount of $-0- will be deposited with the Commission in the Series 2008 B Bonds Reserve Account.

(3) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 Bonds Construction Trust Fund and applied solely to payment of the costs of the Project and, until so expended, are hereby pledged as additional security for the Series 2008 B Bonds.

13. Monies held in the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2008 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and Series 2008 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

Monies held in the Series 2008 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2008 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2008 B Bonds Sinking Fund and Series 2008 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

14. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within ten (10) months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within sixteen (16) months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2008 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within sixteen (16) months from the date of issuance thereof.

18. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

20. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

21. No 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.

22. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principals, relative to the proceeds of Bonds so that the use of proceeds from each series of the Bonds can be accounted for.

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

24. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

25. The Bonds are not federally guaranteed.

26. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose or governmental bonds.

27. The Issuer has either (a) funded the Series 2008 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2008 A Bonds in the then current or any succeeding year with the proceeds of the Series 2008 A Bonds, or (b) created the Series 2008 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2008 A Bonds in the then current or any succeeding year. Monies in the Series 2008 A Bonds Reserve Account and the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

28. The Issuer has either (a) funded the Series 2008 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2008 B Bonds in the then current or any succeeding year with the proceeds of the Series 2008 B Bonds, or (b) created the Series 2008 B Bonds Reserve

Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2008 B Bonds in the then current or any succeeding year. Monies in the Series 2008 B Bonds Reserve Account and the Series 2008 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

29. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2008 A Bonds and Series 2008 B Bonds, (b) are to be sold pursuant to a common plan of financing together with the Series 2008 A Bonds and Series 2008 B Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Series 2008 A Bonds and Series 2008 B Bonds.

30. 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.

31. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Left Blank]

WITNESS my signature on this the day and year first above written.

TOWN OF MILTON

By: _____
Its: Mayor

07.15.08
609970.00002

CH4910220.1

COPY

CHARTER - 1876

A TRANSORIPT 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 held 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, producted 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. Thums 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. 84½ 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. 85 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: C. E. [illegible], CLERK CIRCUIT COURT.
CABELL COUNTY, WEST VIRGINIA.
By C. A. Withers, Deputy Clerk.

2

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:

News Media	Address
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

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

May 22, 2007
Date

Sworn to and subscribed to before me, AMBER MIDKIFF, this 22nd day of May, 2007.

Notary Public of, in and for Cabell County West Virginia

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, PHYLLIS K. SMITH, 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.

Phyllis K. Smith
Signature

May 22, 2007
Date

Sworn to and subscribed to before me, KAREN S. COLE, COUNTY CLERK, this 22nd day of May, 2007.

Karen S. Cole
Notary Public of, in and for Cabell County West Virginia

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.

Bonnie Lewis
Signature

May 22, 2007
Date

Sworn to and subscribed to before me, KAREN S. COLE, COUNTY CLERK, this 22nd day of May, 2007.

Karen S. Cole
Notary Public of, in and for Cabell County West Virginia

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.

Gary Holbert
Signature

5-22-07
Date

Sworn to and subscribed to before me, KAREN S. COLE, COUNTY CLERK, this 22nd day of May, 2007.

Karen S. Cole
Notary Public of, in and for Cabell County West Virginia

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.

Robert "Bob" Legg
Signature

5-22-2007
Date

Sworn to and subscribed to before me, KAREN S. COLE, COUNTY CLERK, this 22nd day of May, 2007.

Karen S. Cole
Notary Public of, in and for Cabell County West Virginia

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, KEN KLINGLER, 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.

Kenneth Klingler
Signature

5-22-2007
Date

Sworn to and subscribed to before me, KAREN S. COLE, COUNTY CLERK, this 22nd day of May, 2007.

Karen S. Cole
Notary Public of, in and for Cabell County West Virginia

OATH OF OFFICE

STATE OF WEST VIRGINIA
CABELL COUNTY, TO WIT:

I, KELLY 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.

Kelly Mullins
Signature

5/22/2007
Date

Sworn to and subscribed to before me, KAREN S. COLE, COUNTY CLERK, this 22nd day of May, 2007.

Karen S. Cole
Notary Public of, in and for Cabell County West Virginia

NEW RT INTO EFFECT 7-1-2007

MIN 2,500 5.75 IN CREASE 2,250 20.85

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

APPLICABILTY

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
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

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 _____
City Recorder

AFFIDAVIT OF PUBLICATION #031279

STATE OF WEST VIRGINA,
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 $11.15; that such newspaper in which such legal advertisement was published has been and in 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 last 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 6, 2012

Terri Mount

Constance S. Rappold
Notary Public
Cabell County
West Virgnina

OFFICIAL SEAL
NOTARY PUBLIC
CONSTANCE S. RAPPOLD
HUNTINGTON, WV 25701

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:

	($) INCREASE	INCREASE (%)
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:

	($) INCREASE	INCREASE (%)
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.

AFFIDAVIT OF PUBLICATION

STATE OF WEST VIRGINA,
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 $44.00 that such newspaper in which such legal advertisement was published has been and in 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 7th day of February, 2006.

My Commission expires June 6, 2012

Terri Mount

Constance S. Ragland
Notary Public
Cabell County
West Virgnina

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:

	($) INCREASE	INCREASE (%)
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:

	($) INCREASE	INCREASE (%)
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 this Public Service Commission at 201 Brooks Street, P.O. Box 812, Charleston, West Virginia 25323

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 re-poured 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
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 Raters, 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 deliquent 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

Kenneth Klingler, Recorder/ Treasurer

NOTICE OF 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, July 1, 2008, at 7:00 p.m., 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

0000 Legal Advertisements

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:

TOWN OF MILTON ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MILTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MILTON OF NOT MORE THAN $3,322,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above 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 provide financing of the costs of acquisition and construction of improvements to the existing waterworks system by the Town of Milton 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 water 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 June 3, 2008. 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.

/s/ Betty Sargent
Mayor

LH-697294
06-17-24-08

AFFIDAVIT OF PUBLICATION

013546

STATE OF WEST VIRGINA,
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-697294** was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the 17 day of **June**, **2008** and ending with the issue of the **24** day of **June**, **2008** and was posted at the East door of the Cabell County Courthouse on **17** day of **June**, **2008**: that said legal advertisement was published on the following dates:
; June 17 - 24 2008

that the cost of publishing said annexed advertisement as aforesaid was **$178.59**; that such newspaper in which such legal advertisement was published has been and in 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 27th day of June, 2008.

My Commission expires June 6, 2012

Terri Mount

Constance S. Rappold
Notary Public
Cabell County
West Virgnina

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONSTANCE S. RAPPOLD
4607 MAGAZINE AVENUE
HUNTINGTON, WV 25704
My commission expires June 6, 2012

AFFIDAVIT OF PUBLICATION 013596

STATE OF WEST VIRGINA,
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-697294** was duly published in

The Herald-Dispatch

one time, once a week for 2 successive weeks, commencing with its issue of the 17 day of **June**, **2008** and ending with the issue of the **24** day of **June**, **2008** and was posted at the East door of the Cabell County Courthouse on **17** day of **June**, **2008**: that said legal advertisement was published on the following dates:

June 17 - 24 2008

that the cost of publishing said annexed advertisement as aforesaid was **$178.59**; that such newspaper in which such legal advertisement was published has been and in 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 27th day of June, 2008.

My Commission expires June 4, 2012

Terri Mount

Constance S. Rappold
Notary Public
Cabell County
West Virgnina

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONSTANCE S. RAPPOLD
4607 MAGAZINE AVENUE
HUNTINGTON, WV 25704
My commission expires June 8, 2012

NOTICE OF 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, July 1, 2008, at 7:00 p.m., 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

0000 Legal Advertisements

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:

TOWN OF MILTON ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF MILTON AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF MILTON OF NOT MORE THAN $3,322,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above 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 provide financing of the costs of acquisition and construction of improvements to the existing waterworks system by the Town of Milton 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 water 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 June 3, 2008. 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.

/s/ Betty Sargent
Mayor

LH697294
06-17-24-08

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned RECORDER of the Town of Milton of hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Council:

*** *** ***

The Council of the Town of Milton met in regular session, pursuant to notice duly posted, on the 15th day of July, 2008, in Cabell County, West Virginia, at the hour of 7:00 p.m.

PRESENT:

Betty P. Sargent	Mayor
Ken Klingler	Recorder
Phyllis Smith	Councilmember
Gary Holbert	Councilmember
Kelly Mullins	Councilmember
Bonnie Lewis	Councilmember
Bob Legg	Councilmember

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 then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND

OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF MILTON; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Councilman Smithand seconded by Councilman Lewis, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Councilman Mullins and seconded by Councilman Smith, it was unanimously odered that the said Sweep Resolution be adopted.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

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 30th day of July, 2008.

Kenneth Kleinfelter
Recorder

07.15.08
609970.00002

City of Milton
Council Meeting
July 15, 2008
7:00 p.m.

Meeting called to order by Mayor Sargent July 15, 2008 at 7:00 p.m.

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

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

Mayor Sargent presented the agenda for approval. Council Member Mullins moved to approve. Seconded by Council Member Holbert. Motion carried.

The 3-Minute Book was signed by Jeff Neal of Heck Street who presented council with a petition from residents on Heck Street who had concerns with speeding on their street. They requested signs and speed bumps to solve this problem. Council informed that speed bumps cannot be put on a public street but we will get signs and ask police to patrol this area.

Recorder Klingler gave a brief recap of minutes from council meeting on July 1. Council Member Legg moved to approve. Seconded by Council Member Mullins. Motion carried.

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

Old Business and All Other Matters That May Legally Come Before City Council

Mayor Sargent asked City Attorney Flora for an update of the Financing with BB&T. Flora stated they drew the documents up as one and we need them separated. This should be ready by the next meeting.

New Business

The following Building Permits have been approved by the Building Inspector:

#84 – Larry Ray, Hauling Demo @ 1734 2nd Street
#85 – Rick Day, Re-Floor Deck @ 2 Compton Court
#86 – Nancy Fisher, Re-Roof @ 1054 Mason Street
#87 – Jimmy Smith, Electrical @ 1773 Rt. 60
#88 – Jimmy Smith, Plumbing @ 1773 Rt. 60
#89 – Blacktop Industries, Seal & Stripe Parking Lot @ Wallace Funeral Home
#90 – Ronnie Montcastle, Re-Roof @ 1415 Adams Ave.
#91 – Conley Construction, Re-Roof @ 146 Woodland Drive
#92 – Adam Johnson, Interior Remodel, Siding @ 1210 Washington Ave.
#93 – Dement Drywall, Ceiling Replacement @ 1139 Smith Street

The following have received business license:

T.V.B., Inc., 4401 Teays Valley Rd., Scott Depot, WV - W. Howard Gregory, owner

Deborah Bragg, 1226 ½ Glenwood Street, Milton – Rental Property

Mayor Sargent presented the final acts for the closing of the Bond Resolution –

a. To consider supplemental Resolution providing for the issuance of its Water Revenue Bonds, Series 2008 (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain improvements to the public water system of the Issuer (the "Project"); (ii) fund the Series 2008 Bonds Reserve Accounts and (iii) 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 water system of the Town. Council Member Holbert moved to approve. Seconded by Council Member Legg. Motion carried.

b. To consider a Sweep Resolution pertaining to the automatic payment of bonds. Council Member Mullins moved to approve. Seconded by Council Member Smith. Motion carried.

c. To consider Draw Resolution for the payment of invoices. Council Member Smith moved to approve. Seconded by Council Member Lewis. Motion carried.

Recorder Klingler read the Financial Reports for June 2008 and for the Fiscal Year 2007-2008. Council Member Smith moved to approve. Seconded by Council Member Lewis. Motion carried.

Mayor Sargent read the Police Report for June 2008. Council Member Smith moved to approve. Seconded by Council Member Legg. Motion carried.

Mayor Sargent asked about the Morris Memorial Lease Agreement. Attorney Flora has been in contact with Wanda Meade and has discussed a possible extension on the one year lease. He suggested a six month extension with an increase rate. Recorder Klingler move to approve a six month extension on the current lease with an increase of $1000 per month for a total of $5000 per month. Seconded by Council Member Legg. Motion carried.

Mayor Sargent read a resolution for a revision to the Coal Severance Fund. Council Member Mullins moved to approve. Seconded by Council Member Legg. Roll call vote was taken with all voting yes. Motion carried.

Council Member Holbert brought up several parking issues for council to think about:

- parking on Orchard Street
- possible 2 hour parking at April Dawn Park
- making Cupp Lane one way

These areas will be looked into.

Mayor Sargent announced "Pickin' in the Park" on Saturday, July 19, 6:00 - 9:00 p.m.

Old Business was opened back up for a cemetery issue.

Kermit Smith questioned council about a plot owned by his family that he feels someone else is over on their property a little. Recorder Klingler informed that we are aware of this problem and are working on a solution. Possibly the fence may be in the wrong position. Mayor Sargent stated the need to have the

perimeter of the cemetery surveyed. Recorder Klingler moved to proceed. Seconded by Council Member Mullins. Motion carried.

Mayor Sargent informed Council of the need for executive session for personnel issues.

Council Member Holbert moved to go into Executive Session at 7:45 p.m. Seconded by Council Member Mullins. Motion carried.

Meeting called back to order at 8:00 p.m. with no business transacted.

Council Member Legg moved to adjourn at 8:01 p.m. Seconded by Council Member Lewis. Motion carried.

_____

Betty P. Sargent, Mayor

_____

Kenneth Klingler, Recorder/ Treasurer

City of Milton
Council Meeting
May 20, 2008
7:00 p.m.

Meeting called to order by Mayor Sargent May 20, 2008 at 7:00 p.m.

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

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

Mayor Sargent presented the agenda for approval. Council Member Holbert moved to approve. Seconded by Council Member Lewis. Motion carried.

The 3-Minute Book was signed by Christy Woods, 404 Mason Street who expressed concerns about our skateboard ordinance and offered her assistance in anyway to help with the skateboard park.

Recorder Klingler gave a brief recap of minutes from May 6 council meeting. Council Member Mullins moved to approve. Seconded by Council Member Lewis. Motion carried.

Recorder Klingler presented the city bills totaling $11,281.85 for approval. Council Member Smith moved to approve. Seconded by Council Member Legg. Motion carried.

Old Business and All Other Matters That May Legally Come Before City Council

Mayor Sargent gave the second reading of an ordinance of the City of Milton adding Administrative Fee for Debit/Credit Card Transactions to Part 3, Article 306; Part 7, Article 705.16 and Article 713.25; Part 17, Article 1705.18. Council Member Holbert moved to approve. Seconded by Council Member Mullins. Motion carried.

Mayor Sargent gave the second reading of ordinance of the City of Milton adding 139.11 Reinstatement Fee - Driver's License (provides an administrative fee to defer costs for suspension and reinstatement of driver's license privileges as a result of unpaid municipal fines and costs or failure to appear before the Municipal Court.) Council Member Lewis moved to approve. Seconded by Council Member Smith. Motion carried.

Mayor Sargent read a resolution authorizing the execution and delivery of a master equipment lease/purchase agreement for a dump truck, and related instruments, and determining other matters in connection therewith. Council Member Mullins moved to approve. Seconded by Council Member Holbert. Motion carried.

Mayor Sargent read a resolution authorizing the execution and delivery of a master equipment lease/purchase agreement for a cruiser, and related instruments, and determining other matters in connection therewith. Recorder Klingler moved to approve. Seconded by Council Member Lewis. Motion carried.

Mayor Sargent stated the lighting at the Jarrell Sargent Memorial Park will be tabled for now.

Mayor Sargent informed the deadline for marketing bids for the Morris Memorial Property in June 1.

New Business

The following Building Permits have been approved by the Building Inspector:

#2008-000,041 – Everett Finley, Electrical @ 1643 2nd Street
#2008-000,042 – Ken Klingler, Re-Roof @ 1646 Glenwood Street
#2008-000,043 – Sharon Lewis, Electrical @ 1159 N. Main Street – Two Bears, Contractor
#2008-000,044 – Sarbelio Monge, Windows & Dormers @ 205 Main Street
#2008-000,045 – Rose Greene, Replacing Fence @ 1141 Smith Street
#2008-000,046 – Larry Glenn, Remodeling @ 1508 2nd Street
#2008-000,047 – Larry Glenn, Plumbing @ 1508 2nd Street

Mayor Sargent gave the first reading and act upon a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2008 A and Water Revenue Bonds, Series 2008 B (collectively, the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of improvements to the existing water system of the Issuer (the "Project"); and (ii) 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. The title of the Ordinance is Water Revenue Bonds, Series 2008 A. Council Member Mullins moved to approve. Seconded by Council Member Smith. Motion carried.

Recorder Klingler read the City Financial Report for April 2008. Council Member Lewis moved to approve. Seconded by Council Member Smith. Motion carried.

Chief Mullins read the Police Report for April 2008. Council Member Legg moved to approve. Seconded by Council Member Smith. Motion carried.

Recorder Klingler updated council that the police department is receiving grant funds to purchase laptop computers for their cruisers. Chief Mullins added these funds are available through a Federal grant and a Governor's Highway Safety Program grant. This is mandated by the State of West Virginia.

Recorder Klingler updated council that we have received our new commercial grand Kubota mower and our new Dodge Charger cruiser which is parked out front.

Mayor Sargent informed of a request for a 5k run for the Pumpkin Festival. Chief Mullins will follow through with this since they are requesting police assistance.

Mayor Sargent invited everyone to bring their lawn chair and join us for the City's Armed Forces Celebration on May 24 at April Dawn Park beginning at 6:00 p.m. There will be a special performance by the National Guard Band.

Mayor Sargent informed Council of the need for executive session for personnel issues and to discuss the lease at Morris Memorial.

Council Member Legg moved to go into Executive Session at 7:30 p.m. Seconded by Council Member Mullins. Motion carried.

Meeting called back to order at 7:40 p.m. with no business transacted.

Council Member Holbert moved to adjourn at 7:42 p.m. Seconded by Council Member Legg. Motion carried.

Betty P. Sargent, Mayor

Kenneth Klingler, Recorder/ Treasurer

City of Milton
Council Meeting
June 3, 2008
7:00 p.m.

Meeting called to order by Mayor Sargent June 3, 2008 at 7:00 p.m.

Council Members present were: Mayor Sargent, Recorder Klingler, Council Members Legg, Smith Mullins and Holbert. Council Member Lewis was absent.

Invocation was given by Mayor Sargent and the Pledge of Allegiance was said in unison.

Mayor Sargent presented the agenda for approval. Council Member Mullins moved to approve. Seconded by Council Member Legg. Motion carried.

The 3-Minute Book was signed by Jim Peterson of Pine Haven Drive, who expressed concerns about placement of stop signs and the absence of speed limit signs. Mary Alice Rudolph will check with the State regarding codes and keep them posted.

Recorder Klingler gave a brief recap of minutes from May 20 council meeting. Council Member Smith moved to approve. Seconded by Council Member Mullins. Motion carried.

Recorder Klingler presented the city bills totaling $7,204.15 for approval. Council Member Legg moved to approve. Seconded by Council Member Mullins. Motion carried.

Old Business and All Other Matters That May Legally Come Before City Council

Mayor Sargent gave the second reading of a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2008 A and Water Revenue Bonds, Series 2008 B (collectively, the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of improvements to the existing water system of the Issuer (the "Project"); and (ii) 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. The title of the Ordinance is Water Revenue Bonds, Series 2008 A. Recorder Klingler moved to approve. Seconded by Council Member Mullins. Motion carried.

Mayor Sargent stated we have a $5.00 fine for skateboarders and Chief Mullins has pointed out that officers stop the skateboarders and take their board. They pay the $5.00 fine and are back on the street again. The City still have complaints of destruction of property. Chief Mullins discussed with council about being stricter and increasing the fine to $50 so that offenders will pay closer attention. Council Member Legg moved to approve. Seconded by Council Member Mullins. Motion carried.

Mayor Sargent asked every council member to talk with Phyllis or Benita and schedule a time to work a minimum of 2 hours to help. It is a big day, with a 4th of July Celebration and with great entertainment, a very busy day and it is only fair that everyone work a couple of hours.

Mayor Sargent mentioned how wonderful the Armed Forces Day concert was and stated if you weren't there you missed a great time.

New Business

The following Building Permits have been approved by the Building Inspector:

#48 BPS Properties, Deck @ 1017 Smith Street, S&J. Construction
#49 – Gables Land Company, New Road (Aaron's Way) @ Gables
#50 – Harold Duffer, Mobile Home @ 1045 Newman's Branch, Oakwood Mobile Homes
#51 – St. Albans Windows, Sliding Door @ 960 Florida Street
#52 – Lena Douglas, Enclosing Porch @ 2 Brenda Street
#53 - Ray's Giovanni's, Inside Remodeling & 2 Signs @ 327 Summers Street
#54 – W&W Contracting, Siding & Soffits @ 1159 N. Main Street
#55 – Lighthouse Baptist Church, New Sign @ 1299 Main Street

The following have received business license:

Taylor Construction, P.O. Box 542, Huntington, WV 25710
Glover's Tree Service, Rt. 1, Box 43, Milton, WV 25541
W & W Contracting, Rt. 4, Box 37B, St. Albans, WV 25177
Thomas Copley Enterprises, 206 Mohawk Court, Htgo, WV 25705

Mayor Sargent stated we did not receive any bids for marketing of the Morris Memorial Property. We received an offer from HADCO to assist. We will go ahead and talk to the Economic Development Council with the State about their thoughts and ideas and proper marketing of this property.

Mayor Sargent stated she felt compelled to put something on public record, at no time has she ever personally received commission on real estate for anything pertaining to the City of Milton's property nor does she expect or want anything in commission from the Morris Memorial property. Mayor Sargent stated that this administration and even some of the ones that were in office before have had work sessions and discussed this property. There is no way that we, as a city, can afford to develop this property ourselves. We have a survey on hand. Thrasher Engineering has made plans for potential uses for this property and they look wonderful but they take millions of dollars to develop this property and we, the city, do not have the money or expertise to develop this property. Our only hope is to market this property in the right fashion so we can draw a very good sale price and invest that money properly to where we have great income, plus jobs and tax revenues off the property. Mayor Sargent stated that this is her opinion and she wants to go on record because there has been controversy and statements being said in town right now pertaining to that property. She wanted to go on record and state the facts pertaining to herself and her personal beliefs. Recorder Klingler stated that is what council meetings are all about, if any citizen feels something is under-handed or not being done to their expectations, that is why council meets twice a month and meetings are open to the public.

Mayor Sargent stated we have a "cat" problem in the city and have received several complaints. One resident informed that the Animal Shelter has cages they will loan out and then they will pick up cats that have been trapped. This is a problem throughout the State.

Recorder Klingler announced our City Auction on Saturday, June 7, at Pumpkin Park, beginning at 10:00 a.m. The auction will be conducted by Ron Morrison.

Mayor Sargent informed Council of the need for executive session for personnel issues.

Council Member Legg moved to go into Executive Session at 7:22 p.m. Seconded by Council Member Mullins. Motion carried.

Meeting called back to order at 7:31 p.m. with no business transacted.

Mayor Sargent recommended appointing Steve Bragg as our Municipal Court Judge beginning July 1, 2008, at the pay of $250.00 per month. Recorder Klingler moved to approve. Seconded by Council Member Holbert. Motion carried.

Mayor Sargent mentioned the park is really busy and a lot of families are coming in. She witnessed herself an incident where an individual began shouting profanity and some of the families toke their children and left. She stated if you are ever at the park and you see things happening on please call 911 so they can dispatch an officer. Don't be reluctant to do this so we can keep it a great public facility.

Mayor Sargent announced the next 4th of July planning meeting will be Monday, June 9, at 6:00 p.m.

Council Member Legg moved to adjourn at 7:33 p.m. Seconded by Council Member Holbert. Motion carried.

_____

Betty P. Sargent, Mayor

_____

Kenneth Klingler, Recorder/ Treasurer

City of Milton
Council Meeting
July 1, 2008
7:00 p.m.

Meeting called to order by Mayor Sargent July 1, 2008 at 7:00 p.m.

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

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

Mayor Sargent presented the agenda for approval. Council Member Mullins moved to approve. Seconded by Council Member Lewis. Motion carried.

The 3-Minute Book was not signed.

Recorder Klingler gave a brief recap of minutes from council meeting and emergency council meeting on June 17. Council Member Smith moved to approve. Seconded by Council Member Lewis. Motion carried.

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

Old Business and All Other Matters That May Legally Come Before City Council

Mayor Sargent introduce John Stump from Steptoe & Johnson and opened the public hearing of a proposed Bond Ordinance providing for the issuance of its Water Revenue Bonds, Series 2008 A and Water Revenue Bonds, Series 2008 B (collectively, the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of improvements to the existing water system of the Issuer (the "Project"); and (ii) 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. The title of the Ordinance is Water Revenue Bonds, Series 2008 A. Hearing no comments Recorder Klingler moved to close the public hearing. Seconded by Council Member Legg. Motion carried.

Mayor Sargent gave the second reading of an ordinance approve the financing with BB&T for equipment purchases. Recorder Klingler moved to approve. Seconded by Council Member Legg. Motion carried.

Mayor Sargent gave the second reading of an ordinance amending 374 Skateboards, Section 374.03 Penalty, increasing the fine from $5.00 to $50.00. Council Member Holbert moved to approve. Seconded by Council Member Lewis. Motion carried.

Recorder Klingler stated the mobile homes have not been moved from the lots on Morgan Court. They were given a deadline of June 30, 2008. One renter has requested permission for a 2 week extension due to the new lot they have found needing brush cleared before they can move it. We have not heard anything, one

way or the other, from the others. City Attorney Flora stated one of the renters has filed bankruptcy. He will send a letter to the others.

New Business

The following Building Permits have been approved by the Building Inspector:

#67 – Striping Company, Sealing & Striping @ Milton Baptist Church
#68 – Becky Pullen, Kitchen Remodel @ 1160 Hillview Drive
#69 – Donald Barker, Siding @ 192 Highlawn
#70 - Gables, LLC, New Build @ 52, 54, 56 Aaron's Way
#71 – Jimmy Smith Enterprises, Metal Building @ 1773 Rt. 60 W
#72 – Sandra Browning, Storage Building @ 1129 Church Street
#73 – Dwayne Yeager, Prepare Exterior for Stucco @ 1405 W Main Street
#74 – Cites Construction, Repair Corner of Building @ Go Mart
#75 - St. Albans Windows, Install Windows @ 1333 Glenwood Street
#76 – Dave Foster Construction, Repair Corner of House @ 1211 Washington Avenue
#77 – Thomas Cooper, Electrical Upgrade @ 1414 Washington
#78 – John Hathaway, Remodel Porch @ 1358 Hillview Drive
#79 – Karey Fugate, Repair Roof @ 1113 Spring Street
#80 - Troy Cochran, Install Driveway @ 98 R. Florida Street
#81 – World Changers, Replace Carport @ 902 Florida Street
#82 – Jennifer Crist, Gravel, Paint, Carpet @ 1511 W. Main Street
#83 – Summer Salmons, Electrical Service @ 1045 Newman's Branch Road

The following have received business license:

The Striping Co., LLC, PO Box 259, Bancroft, WV 25011
Progressive Pipeline, Inc., 210 Prystup Drive, Livingston, AL 35470
David Foster Construction, 4920 Dempsey Drive, Cross Lanes, WV 25313

Mayor Sargent read a resolution appointing Kreth Sink, Public Works Director, as authorized representative for the administration of the special appropriations grant for the Milton Water System Extension and Upgrade and further designating Mayor Betty P. Sargent as the alternate authorized representative with regards to the above. Recorder Klingler moved to approve. Seconded by Council Member Legg. Motion carried.

Mayor Sargent announced the 4th of July Celebration on Friday from 11:00 a.m. to 5:00 p.m. and invited everyone to come celebrate this special day. We have great entertainment and good food. She encouraged everyone to take time celebrate, wherever you are, because we are blessed to be Americans.

Mayor Sargent informed Council of the need for executive session for personnel issues.

Council Member Holbert moved to go into Executive Session at 7:12 p.m. Seconded by Council Member Mullins. Motion carried.

Meeting called back to order at 7:21 p.m. with no business transacted.

Recorder Klingler moved to promote Mark Johnson of the Street Department, to supervisor position with a pay increase of $2.00 per hour. This is effective immediately. Seconded by Council Member Legg. Motion carried.

Recorder Klingler moved to hire Chad Carmichael as part-time Enforcement Officer, at a pay rate of $12.00 an hour. He will be under the supervision of MaryAlice Rudolph, our Building Inspector. Seconded by Council Member Mullins. Motion carried.

Council Member Legg moved to adjourn at 7:24 p.m. Seconded by Council Member Holbert. Motion carried.

Betty P. Sargent, Mayor

Kenneth Klingler, Recorder/ Treasurer

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 30-Jul-08

(See Reverse for Instructions)

ISSUE: Town of Milton
Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)

ADDRESS: 1139 Smith Road, Milton, WV 25541 COUNTY: Cabell

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: July 30, 2008

CLOSING DATE: July 30, 2008

ISSUE AMOUNT: $2,893,000

RATE: 0%

1ST DEBT SERVICE DUE: March 1, 2010

1ST PRINCIPAL DUE March 1, 2010

1ST DEBT SERVICE AMOUNT $18,786

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

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

CLOSING BANK:
Bank: Ohio Valley Bnak
Contact: Pam Smith
Phone: 304-743-8074

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Betty Sargent
Position: Mayor
Phone: 304.743.3422

OTHER:
Agency: West Virginia Infrastructure & Jobs Development Council
Contact: Jefferson Brady, P.E.
Position: Director
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE

By:				
X	Wire		Accrued Interest:	$
	Check		Capitalized Interest:	$
X			Reserve Account:	$ 75,143
			Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:			
	Wire		To Escrow Trustee $
	Check		To Issuer $
	IGT		To Cons. Invest. Fun $
			To Other: $

NOTES: The Series 2008 A Bonds Reserve Account will be fully funded with bond proceeds

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

28A

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

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

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

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

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

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

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 30-Jul-08

(See Reverse for Instructions)

ISSUE: Town of Milton
Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund)

ADDRESS: 1139 Smith Road, Milton, WV 25541 COUNTY: Cabell

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: July 30, 2008

CLOSING DATE: July 30, 2008

ISSUE AMOUNT: $1,000,000

RATE: 0%

1ST DEBT SERVICE DUE: March 1, 2010

1ST PRINCIPAL DUE March 1, 2010

1ST DEBT SERVICE AMOUNT $6,494

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

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

CLOSING BANK:
Bank: Ohio Valley Bnak
Contact: Pam Smith
Phone: 304-743-8074

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Betty Sargent
Position: Mayor
Phone: 304.743.3422

OTHER:
Agency: West Virginia Infrastructure & Jobs Development Council
Contact: Jefferson Brady, P.E.
Position: Director
Phone: (304) 558-4607

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $
____ Capitalized Interest: $
____ Reserve Account: $
____ Other: $

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

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

NOTES: The Series 2008 B Bonds Reserve Account will be funded over 10 years.

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

28B

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

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

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

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

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

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

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds Series 2008 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Ohio Valley Bank, Milton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Milton (the "Issuer") enacted by the Issuer on July 1, 2008, and a Supplemental Resolution adopted by the Issuer on July 15, 2008 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), both dated July 30, 2008, issued in the respective original aggregate principal amounts of $2,893,000 and $1,000,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 30th day of July, 2008.

OHIO VALLEY BANK

By: Christopher L Preston
Its: Authorized Officer

07.14.08
609970.00002

CH4910905.1

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Milton (the "Issuer"), hereby certifies that on the date hereof, (i) the single, fully registered Water Revenue Bond, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated July 30, 2008, in the principal amount of $2,893,000, numbered AR-1, was registered as to principal only and (ii) the single fully registered Water Revenue Bond, Series 2008 B (West Virginia Infrastructure Fund) of the Issuer, dated July 30, 2008, in the principal amount of $1,000,000, numbered BR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 30th day of July, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

TOWN OF MILTON

Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 30th day of July, 2008, by and between the TOWN OF MILTON, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,893,000 Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) and its $1,000,000 Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted July 1, 2008, and a Supplemental Resolution of the Issuer duly adopted July 15, 2008 (collectively, the "Bond Legislation");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver

Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

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

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

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

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

ISSUER: Town of Milton
1595 US Rt. 60 East
Milton, West Virginia 25541
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Blank]

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

TOWN OF MILTON

Mayor

THE HUNTINGTON NATIONAL BANK

Assistant Vice President

07.15.08
609970.00002

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date July 30, 2008

Town of Milton
Account Number 6089001809

Town of Milton
Water Revenue Bonds, Series 2008 B
John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR July, 2008

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

10-363

FILE

Matt F
Randy W
Jonathan C
Dayton C

PWSID#: WV3300609

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200R CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

RECEIVED
AUG 01 2007
THRASHER ENGINEERING, INC.

PERMIT

PROJECT: (Water) Water Line Replacement & Extension PERMIT NO.: 17,602

LOCATION: Milton COUNTY: Cabell DATE: 7-30-2007

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

City of Milton
1139 Smith Street
Milton, West Virginia 25541

is hereby granted approval to: install approximately 1,000 LF of 12", 11,800 LF of 8", 44,690 LF of 6", 4,300 LF of 4" and 7,300 LF of 2" water line; one (1) 350,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are being installed to replace existing undersized and/or deteriorated water lines to improve water distribution pressures and flows in the City of Milton; and to extend water service to approximately 77 customers along Kilgore Creek and Lee Creek near the City of Milton.

NOTE: **This permit is contingent upon: 1) All new water line and water storage tank being disinfected, flushed and bacteriologically tested, prior to use; 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water line and a minimum 18" vertical separation between crossing sewer and water lines, with the water line to be over the sewer line; and 3) Enclosing the new 350,000 gallon water storage tank with a minimum six (6) feet high fence with a lockable gate.**

The Environmental Engineering Division of the **OEHS- St. Albans District Office** (304-722-0611) is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:emt

pc: Thrasher Engineering, Inc.
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Cabell-Huntington Health Department
OEHS-EED St. Albans District Office

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH MILTO-1 | DATE (MM/DD/YYYY) 07/25/08

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

City of Milton
Betty Sargent, Mayor
1595 US Rte 60 East
Milton WV 25541

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Argonaut Great Central Ins. Co	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	PE-4613896-02	07/01/08	07/01/09	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Emp Ben.	$ 2,000,000 $ 500,000 $ N/A $ 2,000,000 $ 6,000,000 $ 6,000,000 2,000,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	PE-4613896-02	07/01/08	07/01/09	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 2,000,000 $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE X RETENTION $ 0	PE-4613896-02	07/01/08	07/01/09	EACH OCCURRENCE AGGREGATE	$ 2,000,000 $ 2,000,000 $ $ $
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	PE-4613896-02	07/01/08	07/01/09	WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
A		OTHER Property	PE-4613896-02	07/01/08	07/01/09	Building Contents	168,826 202,592

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured as respects water project.

CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

© ACORD CORPORATION 1

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

BOND ORDINANCE

THE TOWN OF MILTON, WEST VIRGINIA

WATER REVENUE BONDS,
SERIES 1996

INDEX

PAGE

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions 1
Section 1.02. Authority of This Ordinance 7
Section 1.03. Findings 7
Section 1.04. Ordinance Constituting Contract 9

ARTICLE II

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

Section 2.01. Authorization of Additions, Betterments and Improvements 10

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization of the Original Bonds 11
Section 3.02. Description of Original Bonds 11
Section 3.03. Execution of the Bonds 12
Section 3.04. Authentication and Registration 12
Section 3.05. Negotiability; Registration 12
Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost 13
Section 3.07. Form of Bonds 14

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. System Revenues and Application Thereof 24
Section 4.02. Excess Bond Proceeds 27

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Application of Bond Proceeds 28
Section 5.02. Construction Trust Fund 28

ARTICLE VI

ADDITIONAL COVENANTS OF THE TOWN

Section 6.01. General Covenants of the Town 29
Section 6.02. Bonds Not To Be Indebtedness of the Town 29
Section 6.03. Bonds Secured by Pledge of Gross Revenues; Statutory Mortgage Lien 29
Section 6.04. Rates 30
Section 6.05. Completion, Operation and Maintenance 30
Section 6.06. Sale of the System 30
Section 6.07. General Covenant Against Encumbrances 31
Section 6.08. Issuance of Additional Bonds 31
Section 6.09. Insurance and Bonds 31
Section 6.10. Books and Records 32
Section 6.11. Fiscal Year; Budget 33
Section 6.12. Services Rendered to the Town 33
Section 6.13. Enforcement of Collections 34
Section 6.14. No Competing Franchise 34
Section 6.15. Consulting Engineer 34
Section 6.16. PSC Order 34
Section 6.17. Connections 34

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default 35
Section 7.02. Enforcement 35
Section 7.03. Remedies and Appointment of Receiver 36

ARTICLE VIII

INVESTMENTS; NON-ARBITRAGE

Section 8.01. Investments 38
Section 8.02 Wetlands Covenant 39

ARTICLE IX

MISCELLANEOUS

Section 9.01. Modification or Amendment 40
Section 9.02. Severability of Invalid Provisions 40
Section 9.03. Table of Contents and Headings 40
Section 9.04. Award and Delivery of Original Bonds 40
Section 9.05. Repeal of Conflicting Ordinances 40
Section 9.06. Covenant of Due Procedure 40
Section 9.07. Discharge and Satisfaction 41
Section 9.08. Effective Date 41

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 asses (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 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 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 nay 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

Date April 26, 1996

$630,000

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 wiht 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: Jerry L. Hankins
Mayor

ATTEST:

[SEAL]

H. M. Adams
Town Recorder

CHASFS3:29211

TOWN OF MILTON

WATER REFUNDING REVENUE BONDS, SERIES 2007 A

BOND ORDINANCE

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Ordinance
Section 1.02 Findings
Section 1.03 Bond Legislation Constitutes Contract
Section 1.04 Definitions

ARTICLE II
AUTHORIZATION OF REFUNDING

Section 2.01 Authorization of Refunding

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND SALE OF BONDS

Section 3.01 Authorization of Bonds
Section 3.02 Terms of Bonds
Section 3.03 Execution of Bonds
Section 3.04 Authentication and Registration
Section 3.05 Negotiability, Transfer and Registration
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07 Bonds Not to Be Indebtedness of the Issuer
Section 3.08 Bonds Secured by Pledge of Gross Revenues; Lien Position with Respect to Prior Bonds
Section 3.09 Form of Bond
FORM OF BOND
Section 3.10 Sale of Bonds
Section 3.11 Disposition of Bond Proceeds
Section 3.12 Designation of Bonds "Qualified Tax-Exempt Obligations

ARTICLE IV
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01 Establishment of Funds and Accounts with Depository Bank
Section 4.02 Establishment of Funds and Accounts with Commission
Section 4.03 Covenants of the Issuer as to System Revenues and Funds

ARTICLE V
GENERAL COVENANTS

Section 5.01 General Statement
Section 5.02 Rates
Section 5.03 Sale of the System
Section 5.04 Issuance of Additional Parity Bonds
Section 5.05 Insurance and Bonds
Section 5.06 Statutory Mortgage Lien
Section 5.07 Fiscal Year; Budget
Section 5.08 Compensation of Members of Governing Body
Section 5.09 Books and Records; Audits
Section 5.10 Maintenance of System
Section 5.11 No Competition

ARTICLE VI
RATES, ETC.

Section 6.01 Initial Schedule of Rates and Charges; Rules

ARTICLE VII
TAX COVENANTS

Section 7.01 Tax Covenants
Section 7.02 Arbitrage and Tax Exemption
Section 7.03 Tax Certificate and Rebate
Section 7.04 Small Issuer Exemption from rebate of Excess Investment Earnings to the United States

ARTICLE VIII
DEFAULT AND REMEDIES

Section 8.01 Events of Default
Section 8.02 Remedies

ARTICLE IX
DEFEASANCE

Section 9.01 Defeasance

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment or Modification of Bond Legislation
Section 10.02 Ordinance Constitutes Contract
Section 10.03 Severability of Invalid Provisions
Section 10.04 Table of Contents and Headings
Section 10.05 Conflicting Provisions Repealed
Section 10.06 Covenant of Due Procedure, Etc.
Section 10.07 Statutory Notice and Public Hearing
Section 10.08 Effective Date
SIGNATURES
CERTIFICATION

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 an 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

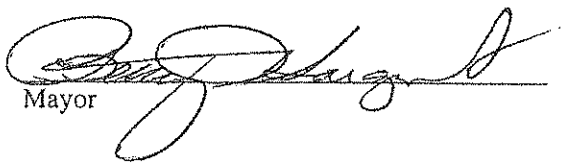
Passed on Second Reading: May 3, 2007

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

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

[Remainder of Page Intentionally Blank]

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]

Kenneth Klingler
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 Revnue 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	1,185.97	$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	1,015.69	$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	802.86	$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	186,830.56	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	$5,555.96	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

United States Department of Agriculture
Rural Development
West Virginia State Office

July 30, 2008

Town of Milton
Water Revenue Bonds, Series 2008 A; and
Water Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

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 entire outstanding aggregate principal amounts of the Series 1996 Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the original aggregate principal amount of not to exceed $2,893,000 and the Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of not more than $1,000,000 by the Town of Milton (the "Issuer"), 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 "Series 1996 Bonds"); (ii) waives any requirements imposed by the Series 1996 Bonds or the ordinances authorizing the Series 1996 Bonds (the "Prior Ordinance"), 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 Ordinance by the Ordinance or the Supplemental Resolution authorizing the Bonds.

State Director

Federal Building, Suite 320 • 75 High Street • Morgantown, WV 26505-7500
Phone: (304) 284-4860 OR (800) 295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

WV Infrastructure & Jobs Development Council

Certification of Bidder Regarding Compliance with the
WV Jobs Act (SB 103) WV Code 21-1C-1

WV JOBS ACT REQUIREMENTS

(a) Contractors shall hire at least 75% of employees for the project from the local labor market.
- At least two employees from outside local labor market permissible for each employer
- Employees shall have resided in the local labor market

(b) Any employer unable to employ the minimum number of employees from the local labor market shall provide the nearest office of the Division of Employment Services, Bureau of Employment Programs the following:
(1) the number of qualified employees needed; and
(2) a job description of positions to be filled

(c) If, within 3 business days following the placing of the job order with the Division of Employment Services (the "Division"), the Division is unable to refer any qualified applicants to the employer or refers less qualified job applicants than the number requested, then the Division shall issue a waiver to the employer stating the unavailability of applicants and permit the employer to fill any positions covered by the waiver from outside the local labor market.

CONTRACTOR REQUIREMENTS

The contractor hereby agrees to the following:

(a) The contractor will comply with the Act and will file or cause to be filed with the WV Division of Labor and the Infrastructure Council copies of waiver certificates and certified payrolls as required by the Act, or other comparable documents that include the number of employees, the county and state where the employees reside and their occupation

(b) the contractor will follow the procedure established by the Division of Labor for efficient collection of the data;

(c) the contractor will ensure that each subcontract for shall contain provisions conforming to the requirement of the Act

(d) the contractor will provide with each pay requisition a certification that the contract is in compliance with the Act

Name & Title of Signer (Please type) James Robertson Vice President	
Signature:	Date 5-1-08

ATTACHMENT - 3. "Local Labor Market"

For the purposes of S.B. 103, "West Virginia Labor Market" includes all counties in West Virginia and the following out-of-state counties:

Kentucky
Bath, Boyd, Bracken, Breatthitt, Carter, Clay, Elliott, Estill, Fleming, Floyd, Greenup, Harlan, Johnson, Knott, Lawrence, Lee Leslie, Letcher, Lewis, Magoefin, Martin, Mason, Menifee, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Robertson, Rowan, and Wolfe.

Maryland
Allegany, Anne Arundell, Baltimore, Calvert, Carroll, Charles, Frederick, Garrett, Hartford, Howard, Montgomery, Prince George's, St. Mary's, and Washington.

Ohio
Adams, Ashtabula, Athens, Belmont, Brown, Carroll, Columbiana, Coshocton, Cuyahoga, Fairfield, Fayette, Franklin, Gallia, Geauga, Guernsey, Harrison, Highland, Hocking, Homes, Jackson, Jefferson, Lake, Lawrence, Licking, Mahoning, Medina, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Portage, Ross, Sciota, Stark, Summit, Thrumbull, Tuscarawas, Vinton, Washington, and Wayne.

Pennsylvania
Adams, Allegheny, Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Clarion, Crawford, Cumberland, Dauphin, Fayette, Franklin, Fulton, Green, Huntingdon, Indiana, Jefferson, Juniata, Lawrence, Mercer, Mifflin, Perry, Somerset, Venango, Washington, Westmoreland, and York.

North Carolina
Alleghany, Ashe, Avery, Caldwell, Forsyth, Mitchell, Rockingham, Stokes, Surry, Watuga, Wilkes, and Yadkin.

Tennessee
Carter, Hawkins, Johnson, Sullivan and Washington.

Virginia
Agusta, Alebemarle, Allegheny, Amherst, Arlington, Bath, Bedford, Botetour, Buckingham, Cambell, Carolina, Carroll, Clarke, Culpeper, Fairfax, Fauquier, Floyd, Fluvanna, Franklin, Frederick, Giles, Grayson, Greene, Henry, Highland, King George, Lee, Loudoun, Louisa, Madison, Montgomery, Nelson, Orange, Page, Patrick, Pittsylvania, Prince William, Pulaski, Rappahannock, Roanoke, Rockbridge, Rockingham, Russell, Scott, Shenandoah, Spotsylvania, Staford, Smyth, Tazewell, Warren, Washington and Wythe.

Washington, D. C.
all

WV Infrastructure & Jobs Development Council

Certification of Bidder Regarding Compliance with the
WV Jobs Act (SB 103) WV Code 21-1C-1

WV JOBS ACT REQUIREMENTS

(a) Contractors shall hire at least 75% of employees for the project from the local labor market.

- At least two employees from outside local labor market permissible for each employer
- Employees shall have resided in the local labor market

(b) Any employer unable to employ the minimum number of employees from the local labor market shall provide the nearest office of the Division of Employment Services, Bureau of Employment Programs the following:

(1) the number of qualified employees needed; and

(2) a job description of positions to be filled

(c) If, within 3 business days following the placing of the job order with the Division of Employment Services (the "Division"), the Division is unable to refer any qualified applicants to the employer or refers less qualified job applicants than the number requested, then the Division shall issue a waiver to the employer stating the unavailability of applicants and permit the employer to fill any positions covered by the waiver from outside the local labor market.

CONTRACTOR REQUIREMENTS

The contractor hereby agrees to the following:

(a) The contractor will comply with the Act and will file or cause to be filed with the WV Division of Labor and the Infrastructure Council copies of waiver certificates and certified payrolls as required by the Act, or other comparable documents that include the number of employees, the county and state where the employees reside and their occupation

(b) the contractor will follow the procedure established by the Division of Labor for efficient collection of the data;

(c) the contractor will ensure that each subcontract for shall contain provisions conforming to the requirement of the Act

(d) the contractor will provide with each pay requisition a certification that the contract is in compliance with the Act

Name & Title of Signer (Please type)	
John Fox, Vice President	
Signature: J. L. Fox	Date May 1, 2008

ATTACHMENT - 3. "Local Labor Market"

For the purposes of S.B. 103, "West Virginia Labor Market" includes all counties in West Virginia and the following out-of-state counties:

Kentucky
Bath, Boyd, Bracken, Breatthitt, Carter, Clay, Elliott, Estill, Fleming, Floyd, Greenup, Harlan, Johnson, Knott, Lawrence, Lee Leslie, Letcher, Lewis, Magoefin, Martin, Mason, Menifee, Montgomery, Morgan, Nicholas, Owsley, Perry, Pike, Powell, Robertson, Rowan, and Wolfe.

Maryland
Allegany, Anne Arundell, Baltimore, Calvert, Carroll, Charles, Frederick, Garrett, Hartford, Howard, Montgomery, Prince George's, St. Mary's, and Washington.

Ohio
Adams, Ashtabula, Athens, Belmont, Brown, Carroll, Columbiana, Coshocton, Cuyahoga, Fairfield, Fayette, Franklin, Gallia, Geauga, Guernsey, Harrison, Highland, Hocking, Homes, Jackson, Jefferson, Lake, Lawrence, Licking, Mahoning, Medina, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pickaway, Pike, Portage, Ross, Sciota, Stark, Summit, Thrumbull, Tuscarawas, Vinton, Washington, and Wayne.

Pennsylvania
Adams, Allegheny, Armstrong, Beaver, Bedford, Blair, Butler, Cambria, Clarion, Crawford, Cumberland, Dauphin, Fayette, Franklin, Fulton, Green, Huntingdon, Indiana, Jefferson, Juniata, Lawrence, Mercer, Mifflin, Perry, Somerset, Venango, Washington, Westmoreland, and York.

North Carolina
Alleghany, Ashe, Avery, Caldwell, Forsyth, Mitchell, Rockingham, Stokes, Surry, Watuga, Wilkes, and Yadkin.

Tennessee
Carter, Hawkins, Johnson, Sullivan and Washington.

Virginia
Agusta, Alebemarle, Allegheny, Amherst, Arlington, Bath, Bedford, Botetour, Buckingham, Cambell, Carolina, Carroll, Clarke, Culpeper, Fairfax, Fauquier, Floyd, Fluvanna, Franklin, Frederick, Giles, Grayson, Greene, Henry, Highland, King George, Lee, Loudoun, Louisa, Madison, Montgomery, Nelson, Orange, Page, Patrick, Pittsylvania, Prince William, Pulaski, Rappahannock, Roanoke, Rockbridge, Rockingham, Russell, Scott, Shenandoah, Spotsylvania, Staford, Smyth, Tazewell, Warren, Washington and Wythe.

Washington, D. C.
all

TOTAL P.05

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **July 30, 2008**

RE: **Town of Milton, Water Revenue Bonds, Series 2008 A and Water Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund)**

---

1. **DISBURSEMENTS TO TOWN OF MILTON**

Payor:	West Virginia Infrastructure and Jobs Development Council
Amount:	$419,751
Form:	Wire Transfer
Payee:	Town of Milton
Bank:	Ohio Valley Bank
Routing #:	044204370
Account #:	0548324
Contact:	Pam 304.743.8074
Account:	Series 2008 Bonds Construction Trust Fund

2. **DISBURSEMENTS TO MUNICIPAL BOND COMMISSION**

Payor:	West Virginia Infrastructure & Jobs development Council
Source:	Series 2008 A Bonds Proceeds
Amount:	$75,143
Form:	Wire Transfer
Payee:	Town of Milton
Bank:	BB&T for benefit of Municipal Bond Commission
Routing #:	051503394
Account:	5270517317
Contact:	Sara Boardman, 304.558.3971
Account:	Series 2008 A Bonds Reserve Account

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date **July 29, 2008** Time **1:00 pm** LGA **Town of Milton** Program **IF**

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Ryan White	Jackson Kelly	340-1283	340-1279	srwhite@jacksonkelly.com
Katy Mallory	Steptoe & Johnson	353-8161	353-8181	katy.mallory@steptoe-johnson.c
Todd Swanson	Steptoe & Johnson	353-8000	353-8181	todd.swanson@steptoe-johnson.com
Barbara B Meadows	Water Development Authority	558-3612	558-0299	bmeadows@wvwda.org

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Betty Sargent, Mayor Telephone 304.743.3422 E-Mail

Address 1139 Smith Road, Milton, WV 25541

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

TOWN OF MILTON

RESOLUTION OF THE TOWN OF MILTON APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Town of Milton has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the Water Project funded by Infrastructure & Jobs Development Council ("IJDC") and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED The Town of Milton by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC #1	IJDC #2
Huntington Banks (Registrar)	1,000.00	1,000.00	
Steptoe & Johnson (Bond Counsel)	25,000.00	25,000.00	
Town of Milton	53,027.44	53,027.44	
Thrasher Engineering	322,500.00	322,500.00	
Ron Flora	18,223.47	18,223.47	
Municipal Bond Commission (Reserve Fund)	75,143.00	75,143.00	
Total	494,893.91	494,893.91	

494,894

ADOPTED BY the Town of Milton, at the meeting held on the 15th day of July, 2008.

By: _____

Its: Mayor

TOWN OF MILTON

RESOLUTION OF THE TOWN OF MILTON APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Town of Milton has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the Water Project funded by Infrastructure & Jobs Development Council ("IJDC") and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED The Town of Milton by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC #1	IJDC #2
Huntington Banks (Registrar)	1,000.00	1,000.00	
Steptoe & Johnson (Bond Counsel)	25,000.00	25,000.00	
Town of Milton	53,027.44	53,027.44	
Thrasher Engineering	322,500.00	322,500.00	
Ron Flora	18,223.47	18,223.47	
Municipal Bond Commission (Reserve Fund)	75,143.00	75,143.00	
Total	494,893.91	494,893.91	

494,894

ADOPTED BY the Town of Milton, at the meeting held on the 15th day of July, 2008.

By: _____

Its: Mayor

EXPENDITURE SCHEDULE Town of Milton Water Project

IJDC Loan #1	per schedule B	adjustments	revised budget	paid prior to this draw	requested this draw	Requested to date	Remaining
Construction							
Contract 1	829,603.00	0.00	829,603.00	0.00	0.00	0.00	829,603.00
Contract 2	372,300.00	0.00	372,300.00	0.00	0.00	0.00	372,300.00
Funding Committee approved items	603,000.00	0.00	603,000.00	0.00	0.00	0.00	603,000.00
Engineering							
Planning	10,000.00	0.00	10,000.00	0.00	10,000.00	10,000.00	0.00
Design	312,500.00	0.00	312,500.00	0.00	312,500.00	312,500.00	0.00
Construction	216,000.00	0.00	216,000.00	0.00	0.00	0.00	216,000.00
Legal (Flora)	25,000.00	0.00	25,000.00	0.00	18,223.47	18,223.47	6,776.53
Legal (PSC)	25,000.00	0.00	25,000.00	0.00	4,578.75	4,578.75	20,421.25
Accounting	25,000.00	0.00	25,000.00	0.00	21,986.87	21,986.87	3,013.13
Administrative	30,000.00	0.00	30,000.00	0.00	1,236.82	1,236.82	28,763.18
Sites & Lands	10,000.00	0.00	10,000.00	0.00	750.00	750.00	9,250.00
Phase I Archeological	10,000.00	0.00	10,000.00	0.00	0.00	0.00	10,000.00
DOH Bond & Fees	135,000.00	0.00	135,000.00	0.00	23,005.00	23,005.00	111,995.00
permits & Power Apps	30,000.00	0.00	30,000.00	0.00	1,470.00	1,470.00	28,530.00
Contingency	157,465.44	988.56	158,454.00	0.00	0.00	0.00	158,454.00
Reserves	76,131.56	(988.56)	75,143.00	0.00	75,143.00	75,143.00	0.00
Registrar	1,000.00	0.00	1,000.00	0.00	1,000.00	1,000.00	0.00
Bond Counsel	25,000.00	0.00	25,000.00	0.00	25,000.00	25,000.00	0.00
TOTALS	2,893,000.00	0.00	2,893,000.00	0.00	494,893.91	494,893.91	2,398,106.09

IJDC Loan #2	per schedule B	adjustments	revised budget	paid prior to this draw	requested this draw	Requested to date	Remaining
Construction							
Contract 1	1,000,000.00	0.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00
Contract 2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Funding Committee approved items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineering							
Planning	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Design	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal (Flora)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal (PSC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administrative	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sites & Lands	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Phase I Archeological	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DOH Bond & Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
permits & Power Apps	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Registrar	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bond Counsel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	1,000,000.00	0.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00

Total	per schedule B	adjustments	revised budget	paid prior to this draw	requested this draw	Requested to date	Remaining
Construction							
Contract 1	1,829,603.00	0.00	1,829,603.00	0.00	0.00	0.00	1,829,603.00
Contract 2	372,300.00	0.00	372,300.00	0.00	0.00	0.00	372,300.00
Funding Committee approved items	603,000.00	0.00	603,000.00	0.00	0.00	0.00	603,000.00
Engineering							
Planning	10,000.00	0.00	10,000.00	0.00	10,000.00	10,000.00	0.00
Design	312,500.00	0.00	312,500.00	0.00	312,500.00	312,500.00	0.00
Construction	216,000.00	0.00	216,000.00	0.00	0.00	0.00	216,000.00
Legal (Flora)	25,000.00	0.00	25,000.00	0.00	18,223.47	18,223.47	6,776.53
Legal (PSC)	25,000.00	0.00	25,000.00	0.00	4,578.75	4,578.75	20,421.25
Accounting	25,000.00	0.00	25,000.00	0.00	21,986.87	21,986.87	3,013.13
Administrative	30,000.00	0.00	30,000.00	0.00	1,236.82	1,236.82	28,763.18
Sites & Lands	10,000.00	0.00	10,000.00	0.00	750.00	750.00	9,250.00
Phase I Archeological	10,000.00	0.00	10,000.00	0.00	0.00	0.00	10,000.00
DOH Bond & Fees	135,000.00	0.00	135,000.00	0.00	23,005.00	23,005.00	111,995.00
permits & Power Apps	30,000.00	0.00	30,000.00	0.00	1,470.00	1,470.00	28,530.00
Contingency	157,465.44	988.56	158,454.00	0.00	0.00	0.00	158,454.00
Reserves	76,131.56	(988.56)	75,143.00	0.00	75,143.00	75,143.00	0.00
Registrar	1,000.00	0.00	1,000.00	0.00	1,000.00	1,000.00	0.00
Bond Counsel	25,000.00	0.00	25,000.00	0.00	25,000.00	25,000.00	0.00
TOTALS	3,893,000.00	0.00	3,893,000.00	0.00	494,893.91	494,893.91	3,398,106.09