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THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS, SERIES 2006 A
(WEST VIRGINIA SRF PROGRAM)

DATE OF CLOSING: JUNE 30, 2006

LOAN 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

THE CITY OF MORGANTOWN

**Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)**

BOND TRANSCRIPT

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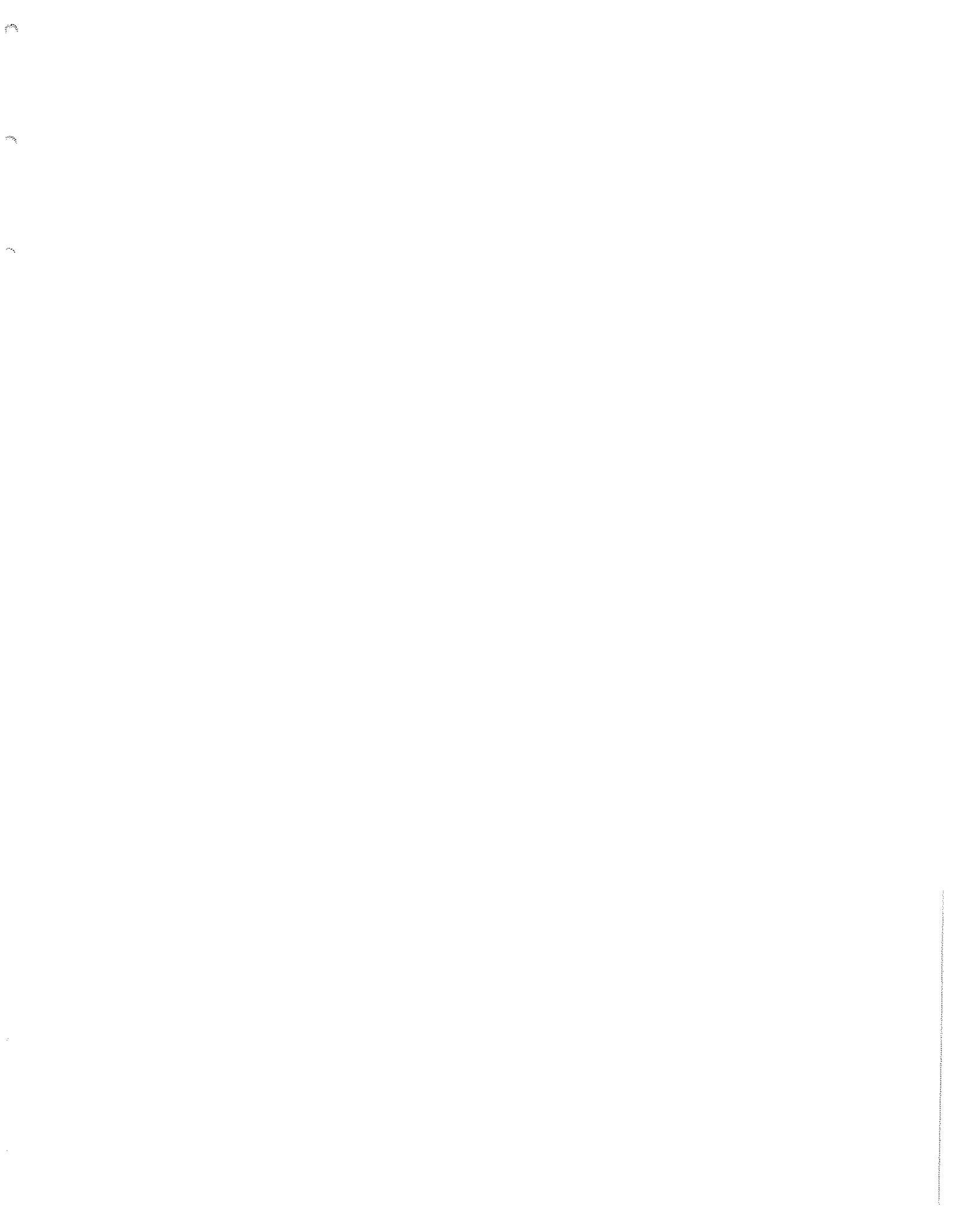
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BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$8,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM); 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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of upgrading the wastewater treatment plant and making other system upgrades, specifically including, but not limited to, necessary improvements to lift stations, force mains, interceptors and/or collection systems, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance such costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), which the Authority administers pursuant to the Act and a contribution from the Issuer ("Issuer's Contribution").

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), in the aggregate principal amount of not more than \$8,500,000 (the "Series 2006 A Bonds"), 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 or convenient therefor and eligible under the SRF Program; interest upon the Series 2006 A Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2006 A Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2006 A Bonds Reserve Account; 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, including the SRF Administrative Fee (as hereinafter defined); discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2006 A 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 2006 A 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 20 years.

F. It is in the best interests of the Issuer that its Series 2006 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties (the "Loan Agreement"), 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 2006 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of \$11,900,000 (the "Series 1992 Bonds"), (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of \$1,601,477 (the "Series 1995 Bonds"), (3) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated July 1, 1997, issued in the original aggregate principal amount of \$10,000,000 (the "Series 1997 Bonds"), (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of \$7,842,000 (the "Series 2000 A Bonds"), (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of \$2,488,000 (the "Series 2000 B Bonds"), and (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original aggregate principal amount of \$3,812,470 (the "Series 2001 A Bonds") (collectively, the "Prior Bonds").

H. Prior to the issuance of the Series 2006 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, and the Series 2001 A Bonds to the issuance of the Series 2006 A Bonds on a parity with the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, and the Series 2001 A Bonds. The written consent of the holders of the Series 1997 Bonds to the issuance of the Series 2006 A Bonds on a parity with the Series 1997 Bonds is not required. Other than the Prior Bonds, there are no other outstanding bonds or obligations

of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

I. 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 and the principal of and interest on the Series 2006 A Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2006 A 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 2006 A Bonds or such final order will not be subject to appeal.

K. 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 2006 A 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 2006 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, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 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 2006 A 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 DEP under the Act.

"Authorized Officer" means the Mayor or the City Manager of the Issuer, and, in the instance of the Board, the Chairman, the General Manager or the Assistant General Manager, or any other officer of the Issuer or Board specifically designated by resolution of the Governing Body or the Board, as appropriate.

"Board" means the Morgantown Utility Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2006 A Bonds, 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.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2006 A Bonds for all or a portion of the proceeds of the Series 2006 A Bonds from the Authority and the DEP.

"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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Strand Associates, Inc., Madison, Wisconsin, 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. "Consulting Engineer" shall also include a licensed professional engineer employed by the Board, who is responsible for design and/or supervision of improvements, additions or modifications to the System.

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the state that succeeds to the function of the DEP.

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

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

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

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

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

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

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

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2006 A Bonds from the Issuer by the Authority, the form 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 2006 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any,

deposited in the Reserve Accounts. 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 2006 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.

"1992 Ordinance" means the ordinance of the Issuer enacted September 1, 1992, as supplemented by the supplemental resolution of the Issuer adopted September 1, 1992.

"1995 Ordinance" means the ordinance of the Issuer enacted March 8, 1995, as supplemented by the supplemental resolution of the Issuer adopted April 18, 1995.

"1997 Ordinance" means the ordinance of the Issuer enacted June 3, 1997, as supplemented by the supplemental resolution of the Issuer adopted June 12, 1997.

"2000 Ordinance" means the ordinance of the Issuer enacted February 15, 2000, as supplemented by the Supplemental Resolution of the Issuer adopted February 15, 2000.

"2001 Ordinance" means the ordinance of the Issuer enacted January 16, 2001, as supplemented by the Supplemental Resolution of the Issuer dated February 6, 2001.

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

"Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, the SRF Administrative Fee, 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 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 Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2006 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 1997 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2001 A Bonds.

"Prior Ordinances" means, collectively, the 1992 Ordinance, the 1995 Ordinance, the 1997 Ordinance, the 2000 Ordinance and the 2001 Ordinance.

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

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

"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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"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.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2006 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2006 A Bonds.

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

"Series 1992 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer, dated September 8, 1992, issued in the original aggregate principal amount of \$11,900,000.

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

"Series 1997 Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, of the Issuer, dated July 1, 1997, issued in the original aggregate principal amount of \$10,000,000.

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

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

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

"Series 2006 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2006 A Bonds Construction Trust Fund" means the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2006 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 2006 A Bonds in the then current or any succeeding year.

"Series 2006 A Bonds Sinking Fund" means the Series 2006 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2006 A Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 2006 A Bonds; provided, that any matter intended by this Ordinance to be included in the

Supplemental Resolution with respect to the Series 2006 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2006 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund, the Sinking Funds and the Reserve Accounts.

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

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

Additional terms and phrases are defined in this Ordinance as they are used. 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 of not to exceed \$8,630,000, 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 2006 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated not to exceed approximately \$8,630,000, of which approximately \$8,500,000 will be obtained from proceeds of the Series 2006 A Bonds and approximately \$130,000 from the Issuer's contribution.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2006 A Bonds, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2006 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2006 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2006 A Bonds of the Issuer. The Series 2006 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program)," in the principal amount of not more than \$8,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2006 A Bonds remaining after funding of the Series 2006 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2006 A Bonds shall be issued in such principal amount; shall bear interest 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 Agreement. The Series 2006 A 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 2006 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2006 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2006 A Bonds. The Series 2006 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2006 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 2006 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the 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 2006 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2006 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 the Series 2006 A 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 2006 A 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 2006 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 Series 2006 A Bonds or transferring the registered Series 2006 A Bonds are exercised, all Series 2006 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2006 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2006 A 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 Series 2006 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2006 A Bonds or, in the case of any proposed redemption of Series 2006 A 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 2006 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled 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 2006 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 System as herein provided. No Holder or Holders of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 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 debt service of the Series 2006 A 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. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2006 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2006 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 A 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 2006 A 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 2006 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2006 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2006 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 SERIES 2006 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2006 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2006, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia

Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2006.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2006, and a Supplemental Resolution duly adopted by the Issuer on _____, 2006 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JULY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$10,000,000 (THE "SERIES 1997 BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,842,000 (THE "SERIES 2000 A BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,488,000 (THE "SERIES 2000 B BONDS"); AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001,

ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,812,470 (COLLECTIVELY, 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 Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2006 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2006 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 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1997 Bonds are no longer outstanding and so long as there exists in the Series 2006 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the 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 hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered 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 at 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 CITY OF MORGANTOWN has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: _____, 2006.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(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

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2006 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank

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

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Depreciation Fund (established by the Prior Ordinances);
- (3) Operation and Maintenance Fund (established by the Prior Ordinances); and
- (4) Series 2006 A 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 2006 A Bonds Sinking Fund; and
- (2) Series 2006 A 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 the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

- (1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay interest on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of interest on the

Series 2006 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2006 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2006 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Sinking Funds for the Prior Bonds, the amounts required by the respective Prior Ordinances to pay the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2006 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 2006 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.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the respective Reserve Accounts for the Prior Bonds, the amounts required by the respective Prior Ordinances to be deposited therein; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2006 A Bonds, if not fully funded upon issuance of the Series 2006 A Bonds, for deposit in the Series 2006 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2006 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2006 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 2006 A Bonds Reserve Requirement.

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

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

(6) After making all of the foregoing deposits and payments, any excess moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 2006 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 A Bonds, as the same shall become due. Moneys in the Series 2006 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2006 A Bonds, as the same shall come due, when other moneys in the Series 2006 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A 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 2006 A 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 due on the Series 2006 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2006 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2006 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2006 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund

sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2006 A Bonds Sinking Fund or the Series 2006 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2006 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Interest, principal 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 and the Series 2006 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2006 A Bonds Sinking Fund and the Series 2006 A 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. 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.

Moneys in the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2006 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 2006 A 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. 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 SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

C. 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.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove 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 the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

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

F. The moneys in excess of the maximum amounts insured by FDIC in any of the 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 hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

J. All Tap Fees, as received, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 5.04. Reserve Account Letter of Credit or Surety Bond. With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2006 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2006 A Bonds Reserve Requirement by obtaining a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount equal to the Series 2006

A Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority, all as set forth in a Supplemental Resolution, and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2006 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2006 A Bonds, there shall first be deposited with the Commission in the Series 2006 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2006 A Bonds, the Issuer may purchase a surety bond to fund the Series 2006 A Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2006 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2006 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2006 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2006 A 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 2006 A Bonds.

D. 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 2006 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2006 A Bond Construction Trust Fund. On or before the closing date, the Board shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2006 A Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

The Issuer hereby appoints and designates the Board, and the Authorized Officers thereof, as its agent (i) for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2006 A Bonds; (ii) to take any and all actions necessary to apply for and obtain a commitment from the DEP, specifically including, but not limited to, any administrative loan documents required by DEP; and (iii) to act on and execute documents on behalf of the Issuer for any and all federal and state actions as they relate to the planning, design and/or construction of the Project.

Except as provided in Section 6.01 hereof, disbursements from the Series 2006 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

- (1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule; and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, 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, moneys in the Series 2006 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of 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 2006 A 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 2006 A 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 2006 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2006 A 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. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2006 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted December 20, 2005, and the sewer rate ordinance of the Issuer enacted December 20, 2005, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2006 A 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 Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2006

A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, 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 Agreement.

Section 7.05. Sale of the System . So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2006 A Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP 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 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 2006 A Bonds, immediately be remitted to the Commission for deposit in the Series 2006 A Bonds Sinking Fund, and, with the written permission of the DEP and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2006 A Bonds. Any balance remaining after the payment of the Series 2006 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Board shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 but not in excess of \$200,000, the Board shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

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

Notwithstanding any of the foregoing provisions of this Section 7.05 to the contrary, the Issuer hereby reserves the right to sell a tract of about 200 acres on Mayfield Road heretofore acquired for the System, which property is not being used nor is it useful for the System, such sale to be at such time and in such manner and for such price as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sale insofar as this Bond Legislation is concerned. Moneys received upon any such sale under this paragraph, after deduction of all costs of such sale, shall be deposited in the Revenue Fund.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and 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 2006 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2006 A 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 2006 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation 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 2006 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2006 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2006 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2006 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of extensions, additions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the City Clerk 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 the Fiscal Year immediately preceding the date of the actual issuance of such Parity Bonds so long as the Series 1997 Bonds are outstanding, and thereafter 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, so long as the Series 1997 Bonds are outstanding, not be less than 125 %, and thereafter, shall not be less than 115 %, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the 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 City Clerk prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, 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. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from the Gross 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 of which on the revenues of the System is subject to the prior and superior lien of the Series 2006 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2006 A Bonds.

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 with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinances, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances.

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

Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Board shall file with the Authority and the DEP, or any other original purchaser of the Series 2006 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2006 A 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 payable from the revenues of the System outstanding.

The Board shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make

available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2006 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2006 A Bonds. Such audit report submitted to the Authority and the DEP 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 there are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement 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 provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Board shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Board shall also provide the Authority and the DEP, 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 DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2006 A Bonds, equitable rates or charges for the use of and service rendered by the System shall 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 with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii)

to leave a balance each year equal to at least 125% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter 115% of such amount; provided that, in the event the Series 1997 Bonds are no longer outstanding and amounts equal to or in excess of the reserve requirements are on deposit in the Series 2006 A Reserve Account and any reserve accounts for obligations on a parity with the Series 2006 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2006 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2006 A Bonds, including the Prior Bonds. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets, so long as the Series 1997 Bonds are outstanding. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinances described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report . The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP 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 professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP 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, the DEP and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the

Loan Agreement, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Board shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, 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 DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Board shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority and the DEP 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the 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 Board will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, the Board and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Board hereby covenants and agrees that so long as the Series 2006 A Bonds remain Outstanding, the Board will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

- (1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount

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

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

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

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

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

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

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

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

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

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

Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Board shall 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 Board has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the West Virginia Public Service Commission, the Council and the DEP necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2006 A Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer and the Board shall provide the DEP with copies of all documents submitted to the Authority.

The Issuer and the Board shall also comply with all applicable laws, rules and regulations issued by the Authority and the DEP or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2006 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 2006 A Bonds during the term thereof is, under the terms of the Series 2006 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 2006 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 2006 A Bonds during the term thereof is, under the terms of the Series 2006 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 2006 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 2006 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2006 A Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 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 shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2006 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2006 A 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2006 A Bonds held in "contingency" as set forth in the

schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2006 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the Authority and the DEP 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 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 A 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 2006 A 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; NON ARBITRAGE

Section 8.01. Investments. Any moneys 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 moneys 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 moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own 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 if 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 2006 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2006 A Bonds which would cause the Series 2006 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 A Bonds) so that the interest on

the Series 2006 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2006 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 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 covenants to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. The Issuer may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required,

the Issuer shall pay the required rebate amount, any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2006 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Series 2006 A Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2006 A 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 2006 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2006 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 Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner 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 however, that all rights and remedies of the Holders of the Series 2006 A Bonds shall be on a parity with those of the Holders 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 hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the 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 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2006 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 2006 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2006 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2006 A 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 2006 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2006 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2006 A 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 2006 A 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 2006 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of

any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the City Manager, the City Clerk and members of the Governing Body and the Board were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Appointment. The Issuer does hereby appoint, designate and approve the hiring of Steptoe & Johnson, Clarksburg, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2006 A Bonds.

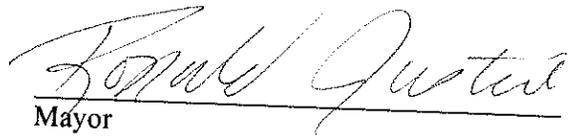
Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.09. 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 Dominion Post, a newspaper published and of general circulation in The City of Morgantown, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2006 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: March 7, 2006

Passed on Second Reading: March 21, 2006

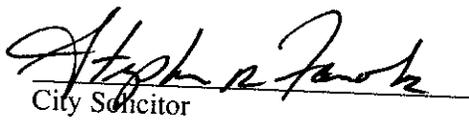
Passed on Final Reading
Following Public
Hearing: April 4, 2006


Mayor

ATTEST:


City Clerk

APPROVED AND CORRECT AS TO FORM:


City Solicitor

627490.00016

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 4th day of April, 2006.

Dated: June 30, 2006.

[SEAL]


City Clerk

EXHIBIT A

Loan Agreement is included in bond transcript as Document 3.



THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

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 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF MORGANTOWN, APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING THE PURCHASE OF A SURETY BOND FOR, OR THE FUNDING FROM PROCEEDS OF THE BONDS OF, THE RESERVE ACCOUNT FOR THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of The City of Morgantown (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective April 4, 2006 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE

THAN \$8,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM); 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 A LOAN AGREEMENT 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 the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2006 A Bonds"), in the aggregate principal amount not to exceed \$8,500,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2006 A Bonds, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 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 at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan

Agreement be ratified and approved 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 THE CITY OF MORGANTOWN:

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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$6,410,191. The Series 2006 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2028, and shall bear interest at the rate of 2% per annum. The principal of and interest on the Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, and maturing June 1, 2028, 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 2006 A Bonds. The Series 2006 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2006 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2006 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

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 ratify, approve, 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/or City Manager, 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 DEP 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 Branch Banking and Trust Company, Morgantown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2006 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2006 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2006 A Bonds proceeds in the approximate amount of \$20,000, may be used to purchase a Surety Bond to fund the Series 2006 A Bonds Reserve Account. In the event that a Surety Bond is not available, Series 2006 A Bonds proceeds in an amount equal to the maximum annual debt service on the Series 2006 A Bonds shall be deposited in the Series 2006 A Bonds Reserve Account.

Section 9. The proceeds of the Series 2006 A Bonds shall be deposited in or credited to the Series 2006 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds, purchase of a Surety Bond or funding of the Series 2006 A Bonds Reserve Account and related costs.

Section 10. The Mayor, City Manager and City Clerk 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 June 27, 2006, to the Authority pursuant to the Loan Agreement.

Section 11. 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 12. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all moneys 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 moneys to be invested in such repurchase agreements or time

accounts until further directed in writing by the Issuer. Moneys in the Series 2006 A Bonds Sinking Fund, including the Series 2006 A Bonds Reserve Account therein, if any, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted this 6th day of June, 2006.


Mayor

ATTEST:


City Clerk

APPROVED AND CORRECT AS TO FORM:


City Solicitor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council
of The City of Morgantown on the 6th day of June, 2006.

Dated: June 30, 2006.

[SEAL]


City Clerk

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627490.00021

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THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION
APPROVING THE PURCHASE OF A SURETY BOND
FOR THE SERIES 2006 A BONDS RESERVE
ACCOUNT, APPROVING THE EXECUTION AND
DELIVERY OF A GUARANTY AGREEMENT, THE
SUPPLEMENTATION OF THE ORDINANCE
AUTHORIZING THE ORIGINAL ISSUANCE OF THE
SERIES 2006 A BONDS AND MAKING OTHER
PROVISIONS REQUIRED BY THE PROVIDER OF
SUCH SURETY BOND.

WHEREAS, the city council (the "Governing Body") of The City of Morgantown (the "Issuer") duly and officially adopted and enacted a bond ordinance, effective April 4, 2006, and a supplemental resolution, effective June 6, 2006 (said ordinance, as so supplemented, herein called the "Bond Ordinance"), authorizing the issuance of its \$6,410,191 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A, to be dated June 27, 2006 (the "Series 2006 A Bonds");

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

WHEREAS, the Bond Ordinance provided for, among other things, the establishment of the Series 2006 A Bonds Reserve Account at the West Virginia Municipal Bond Commission (the "Commission") and that with the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2006 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2006 A Bonds Reserve Requirement by the deposit into the Series 2006 A Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority in an amount at least equal to the Series 2006 A Bonds Reserve Requirement;

WHEREAS, the Issuer has obtained a commitment (the "Commitment") from Ambac Assurance Corporation ("Ambac Assurance") to provide the Issuer with a surety bond (the "Surety Bond") in the amount of the Series 2006 A Bonds Reserve Requirement, to be deposited in the Series 2006 A Bonds Reserve Account;

WHEREAS, the Issuer has obtained, or will obtain prior to the issuance of the Series 2006 A Bonds, the written consent of the West Virginia Water Development Authority ("WDA"), as sole purchaser and holder of the Series 2006 A Bonds, to such purchase and to the supplementation of the Bond Ordinance in accordance with the provisions of this Second Supplemental Resolution;

WHEREAS, as a condition to delivery of the Surety Bond to the Issuer by Ambac Assurance, Ambac Assurance requires that the Issuer enter into a Guaranty Agreement with Ambac Assurance in the form presented to this meeting (the "Guaranty"); and

WHEREAS, as a further condition to delivery of the Surety Bond, Ambac Assurance requires that certain covenants and provisions be included in the Bond Ordinance relating to the security to be granted to Ambac Assurance in exchange for its issuance of the Surety Bond;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MORGANTOWN:

Section 1. Pursuant to the Bond Ordinance and the Act, this Second Supplemental Resolution is adopted and it is hereby authorized and ordered that the Surety Bond be accepted in accordance with the provisions of the Commitment for Surety Bond, dated June 23, 2006 (Commitment No. SB30526) (the "Commitment") and, following the receipt of the written consent of the Authority thereto, the Surety Bond be deposited in the Series 2006 A Bonds Reserve Account. Payment of the premium for purchase of the Surety Bond shall be made from proceeds of the Series 2006 A Bonds.

Section 2. The Issuer does hereby approve and accept the Guaranty Agreement, the form of which is set forth in the Commitment and which has been presented to Council, and the execution and delivery of the Guaranty Agreement by the Mayor and City Manager of the Issuer and the performance of the obligations therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 3. Section 1.04 of the Bond Ordinance shall hereby be supplemented to add the following definitions:

“Ambac Assurance” means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

“Surety Bond” means the surety bond issued by Ambac Assurance guaranteeing certain payments into the Series 2006 A Bonds Reserve Account with respect to the Series 2006 A Bonds as provided therein and subject to the limitations set forth therein.

Section 4. Section 5.03 of the Bond Ordinance shall hereby be supplemented by adding the following provisions following paragraph “H” thereof:

I. Consent of Ambac Assurance.

Any provision of this Bond Ordinance expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the Issuer a fee for any consent or amendment to this Bond Ordinance while the Surety Bond is outstanding.

J. Consent of Ambac Assurance in Addition to Bondholder Consent.

Unless otherwise provided in this Section, Ambac Assurance’s consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Ordinance or any amendment, supplement or change to or modification of this Bond Ordinance, (ii) removal of the Registrar or Paying Agent or selection and appointment of any successor Registrar or Paying Agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

K. Notices to be sent to the attention of the SURVEILLANCE DEPARTMENT.

(A) While the Surety Bond is in effect, the Issuer shall furnish to Ambac Assurance, upon request, the following:

- (1) A copy of any financial statement, audit and/or annual report of the Issuer.
- (2) Such additional information Ambac Assurance may reasonably request.

(B) A copy of any notice to be given to the registered owners of the Series 2006 A Bonds, including, without limitation, notice of any redemption of or defeasance of the Series 2006 A Bonds, and any certificate rendered pursuant to this Bond Ordinance relating to the security of the Series 2006 A Bonds.

(C) To the extent that the Issuer has entered into a continuing disclosure agreement with respect to the Series 2006 A Bonds, Ambac Assurance shall be included as a party to be notified.

L. Notices to be sent to the attention of the GENERAL COUNSEL OFFICE.

(A) The Issuer shall notify Ambac Assurance of any failure of the Issuer to provide relevant notices, certificates, etc.

(B) Notwithstanding any other provision of this Bond Ordinance, the Paying Agent and/or Issuer shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and interest as required and immediately upon the occurrence of (i) any Event of Default hereunder or (ii) any payment default under any related security agreement.

M. Other Information to be given to Ambac Assurance.

The Issuer will permit Ambac Assurance to discuss the affairs, finances and accounts of the Issuer or any information Ambac Assurance may reasonably request regarding the security for the Series 2006 A Bonds with appropriate officers of the Issuer. The Issuer will permit Ambac Assurance to have access to the Project and have access to and to make copies of all books and records relating to the Series 2006 A Bonds at any reasonable time.

Ambac Assurance shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from Ambac Assurance shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 2006 A Bonds.

N. Payment Procedure Pursuant to the Surety Bond.

As long as the Surety Bond shall be in full force and effect, the Issuer, the Registrar and the Paying Agent, as appropriate, agree to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the Series 2006 A Bonds Reserve Account, plus all amounts on deposit in and credited to the Series 2006 A Bonds Reserve Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due on the Series 2006 A Bonds, then upon the later of:

(i) one (1) day after receipt by the General Counsel of Ambac Assurance of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under this Bond Ordinance has not been made to the Paying Agent; or (ii) the payment date of the principal and interest coming due on the Series 2006 A Bonds as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac Assurance, Ambac Assurance will make a deposit of funds in an account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under the Ordinance (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Series 2006 A Bonds Reserve Account, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

(b) The Paying Agent shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all records relating to the Funds and Accounts maintained under this Bond Ordinance.

(c) The Paying Agent shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Series 2006 A Bonds Reserve Account to the extent of moneys received pursuant to such Demand.

(d) The Series 2006 A Bonds Reserve Account shall be replenished in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument, if any, shall be paid from first available Series 2006 A Bonds Revenues on a pro rata basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2006 A Bonds Reserve Account to the required level, after taking into account the amounts available under the Surety Bond and the Additional Funding Instrument, if any, shall be deposited from next available Revenues.

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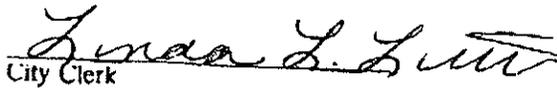
Section 5. This Second Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this July 5, 2006.

THE CITY OF MORGANTOWN


Mayor

ATTEST:


City Clerk

APPROVED AND CORRECT AS TO FORM:


City Solicitor

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Council of The City of Morgantown on July 5, 2006.

Dated: June 30, 2006

[SEAL]

Linda L. Lutz
City Clerk

06/26/06
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SRF-LP-1
(11/01/04)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

CITY OF MORGANTOWN
(Local Government)

WITNESSETH:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for a Loan with attachments and exhibits and an Amended Application for a 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 the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, 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 Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Local Government 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 Local Government 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 Local Government, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective duly authorized agents 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 DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or 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 Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government 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 Local Government 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 Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Local Government, 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

Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government 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 Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP 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, DEP and the Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP 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 Local Government, 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 B and incorporated herein by reference, and forward a copy by the 10th of each month to DEP and the Authority.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward such forms to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Government 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;

(d) The Local Government 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 Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect;

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

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

(h) The Local Government 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 DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP 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 and DEP, including the SRF Regulations, 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 Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government 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 Local Government 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, DEP and the Local Government. 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 DEP.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans from the Fund to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List,

as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the prior approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document 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 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 Local Government 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 net or gross revenues of the System as provided 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 Local Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting

Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government 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 DEP; 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 Local Government 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 Local Government 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 Local Government 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 and all rights as set forth in Section 5 of the Act;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Government 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 DEP, 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 Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 DEP 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, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government 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 Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, 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 Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

(xvii) That the Local Government 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 Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F

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 Local Government 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 Local Government shall have obtained the certificate of the Consulting Engineers 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 DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xx) That the Local Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

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

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

4.2 The Loan shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Government 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 Local Government 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 Local Government defaults in any payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Loan Agreement, and

the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP 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 DEP 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 DEP by the Local Government in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Government 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, the SRF Regulations or this Loan Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government 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.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

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

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

ARTICLE VII

Miscellaneous

7.1 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 Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 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.

7.3 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.

7.4 No waiver by any 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.

7.5 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.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Government 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.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

(ii) 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 DEP if the Local Government has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Loan made by the Authority and DEP is not terminated due to such non-funding on any balance of the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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

CITY OF MORGANTOWN

(SEAL)

By: [Signature]
Its: Mayor
Date: May 30 2006

Attest:

[Signature]
Its: Recorder

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: [Signature]
Its: Director
Date: June 2, 2006

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [Signature]
Its: Director
Date: May 25, 2006

Attest:

[Signature]
Its: Secretary-Treasurer

000832/00372
11/01/04

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

<u>Item</u>	<u>Current Month</u>	<u>Total Year To Date</u>	<u>Budget Year To Date</u>	<u>Budget Year To Date Minus Total Year To Date</u>
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
<u>Type of Issue</u>				
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 Local Government 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 Local Government 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 Local Government.

The Local Government 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 C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

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 meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP 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 Schedule A attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP 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 thereof², 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 approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

By _____

West Virginia License No. _____

[SEAL]

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

²If 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 E

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT - The Local Government agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - Effective October 1, 2003, the Local Government that receives \$500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

EXHIBIT F

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 Local Government] on [Date].

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), 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"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, 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 principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning ____ 1, ____, and ending ____ 1, ____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the

supplemental resolution duly adopted by the Local Government 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 Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

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

3. The Local Government 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 Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 6,410,191
Purchase Price of Local Bonds \$ 6,410,191

The Local Bonds shall bear no interest from the date of delivery to and including May 31, 2008. Commencing September 1, 2008, interest on the Local Bonds is payable quarterly, at a rate of 2% per annum. Commencing September 1, 2008, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. 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 Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government 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 Local Government:

See next page.

- 1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original principal amount of \$11,900,000,
- 2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original principal amount of \$1,601,477,
- 3) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated July 1, 1997, issued in the original principal amount of \$10,000,000,
- 4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original principal amount of \$7,842,000,
- 5) Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original principal amount of \$2,488,000, and
- 6) Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the original principal amount of \$3,812,470.

7)

\$6,410,191

Morgantown Utility Board

20 Years, 2% Interest Rate, 1% Admin Fee

Closing Date: June 27, 2006

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
09/01/2006	-	-	-	-
12/01/2006	-	-	-	-
03/01/2007	-	-	-	-
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	65,365.00	2.000%	32,050.96	97,415.96
12/01/2008	65,692.00	2.000%	31,724.13	97,416.13
03/01/2009	66,020.00	2.000%	31,395.67	97,415.67
06/01/2009	66,350.00	2.000%	31,065.57	97,415.57
09/01/2009	66,682.00	2.000%	30,733.82	97,415.82
12/01/2009	67,016.00	2.000%	30,400.41	97,416.41
03/01/2010	67,351.00	2.000%	30,065.33	97,416.33
06/01/2010	67,687.00	2.000%	29,728.58	97,415.58
09/01/2010	68,026.00	2.000%	29,390.14	97,416.14
12/01/2010	68,366.00	2.000%	29,050.01	97,416.01
03/01/2011	68,708.00	2.000%	28,708.18	97,416.18
06/01/2011	69,051.00	2.000%	28,364.64	97,415.64
09/01/2011	69,397.00	2.000%	28,019.39	97,416.39
12/01/2011	69,744.00	2.000%	27,672.40	97,416.40
03/01/2012	70,092.00	2.000%	27,323.68	97,415.68
06/01/2012	70,443.00	2.000%	26,973.22	97,416.22
09/01/2012	70,795.00	2.000%	26,621.01	97,416.01
12/01/2012	71,149.00	2.000%	26,267.03	97,416.03
03/01/2013	71,505.00	2.000%	25,911.29	97,416.29
06/01/2013	71,862.00	2.000%	25,553.76	97,415.76
09/01/2013	72,221.00	2.000%	25,194.45	97,415.45
12/01/2013	72,583.00	2.000%	24,833.35	97,416.35
03/01/2014	72,946.00	2.000%	24,470.43	97,416.43
06/01/2014	73,310.00	2.000%	24,105.70	97,415.70
09/01/2014	73,677.00	2.000%	23,739.15	97,416.15
12/01/2014	74,045.00	2.000%	23,370.77	97,415.77
03/01/2015	74,415.00	2.000%	23,000.54	97,415.54
06/01/2015	74,787.00	2.000%	22,628.47	97,415.47
09/01/2015	75,161.00	2.000%	22,254.53	97,415.53
12/01/2015	75,537.00	2.000%	21,878.73	97,415.73
03/01/2016	75,915.00	2.000%	21,501.04	97,416.04
06/01/2016	76,294.00	2.000%	21,121.47	97,415.47
09/01/2016	76,676.00	2.000%	20,740.00	97,416.00
12/01/2016	77,059.00	2.000%	20,356.62	97,415.62
03/01/2017	77,445.00	2.000%	19,971.32	97,416.32
06/01/2017	77,832.00	2.000%	19,584.10	97,416.10

\$6,410,191

Morgantown Utility Board

20 Years, 2% Interest Rate, 1% Admin Fee

Closing Date: June 27, 2006

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
09/01/2017	78,221.00	2.000%	19,194.94	97,415.94
12/01/2017	78,612.00	2.000%	18,803.83	97,415.83
03/01/2018	79,005.00	2.000%	18,410.77	97,415.77
06/01/2018	79,400.00	2.000%	18,015.75	97,415.75
09/01/2018	79,797.00	2.000%	17,618.75	97,415.75
12/01/2018	80,196.00	2.000%	17,219.76	97,415.76
03/01/2019	80,597.00	2.000%	16,818.78	97,415.78
06/01/2019	81,000.00	2.000%	16,415.80	97,415.80
09/01/2019	81,405.00	2.000%	16,010.80	97,415.80
12/01/2019	81,812.00	2.000%	15,603.77	97,415.77
03/01/2020	82,221.00	2.000%	15,194.71	97,415.71
06/01/2020	82,632.00	2.000%	14,783.61	97,415.61
09/01/2020	83,045.00	2.000%	14,370.45	97,415.45
12/01/2020	83,461.00	2.000%	13,955.22	97,416.22
03/01/2021	83,878.00	2.000%	13,537.92	97,415.92
06/01/2021	84,297.00	2.000%	13,118.53	97,415.53
09/01/2021	84,719.00	2.000%	12,697.04	97,416.04
12/01/2021	85,142.00	2.000%	12,273.45	97,415.45
03/01/2022	85,568.00	2.000%	11,847.74	97,415.74
06/01/2022	85,996.00	2.000%	11,419.90	97,415.90
09/01/2022	86,426.00	2.000%	10,989.92	97,415.92
12/01/2022	86,858.00	2.000%	10,557.79	97,415.79
03/01/2023	87,292.00	2.000%	10,123.50	97,415.50
06/01/2023	87,729.00	2.000%	9,687.04	97,416.04
09/01/2023	88,168.00	2.000%	9,248.39	97,416.39
12/01/2023	88,608.00	2.000%	8,807.55	97,415.55
03/01/2024	89,051.00	2.000%	8,364.51	97,415.51
06/01/2024	89,497.00	2.000%	7,919.26	97,416.26
09/01/2024	89,944.00	2.000%	7,471.77	97,415.77
12/01/2024	90,394.00	2.000%	7,022.05	97,416.05
03/01/2025	90,846.00	2.000%	6,570.08	97,416.08
06/01/2025	91,300.00	2.000%	6,115.85	97,415.85
09/01/2025	91,757.00	2.000%	5,659.35	97,416.35
12/01/2025	92,215.00	2.000%	5,200.57	97,415.57
03/01/2026	92,676.00	2.000%	4,739.49	97,415.49
06/01/2026	93,140.00	2.000%	4,276.11	97,416.11
09/01/2026	93,606.00	2.000%	3,810.41	97,416.41
12/01/2026	94,074.00	2.000%	3,342.38	97,416.38
03/01/2027	94,544.00	2.000%	2,872.01	97,416.01
06/01/2027	95,017.00	2.000%	2,399.29	97,416.29
09/01/2027 ✓	95,492.00	2.000%	1,924.21	97,416.21

\$6,410,191

Morgantown Utility Board

20 Years, 2% Interest Rate, 1% Admin Fee

Closing Date: June 27, 2006

Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I
12/01/2027	95,969.00	2.000%	1,446.75	97,415.75
03/01/2028	96,449.00	2.000%	966.90	97,415.90
06/01/2028	96,931.00	2.000%	484.66	97,415.66
Total	\$6,410,191.00	-	\$1,383,081.25	\$7,793,272.25 *

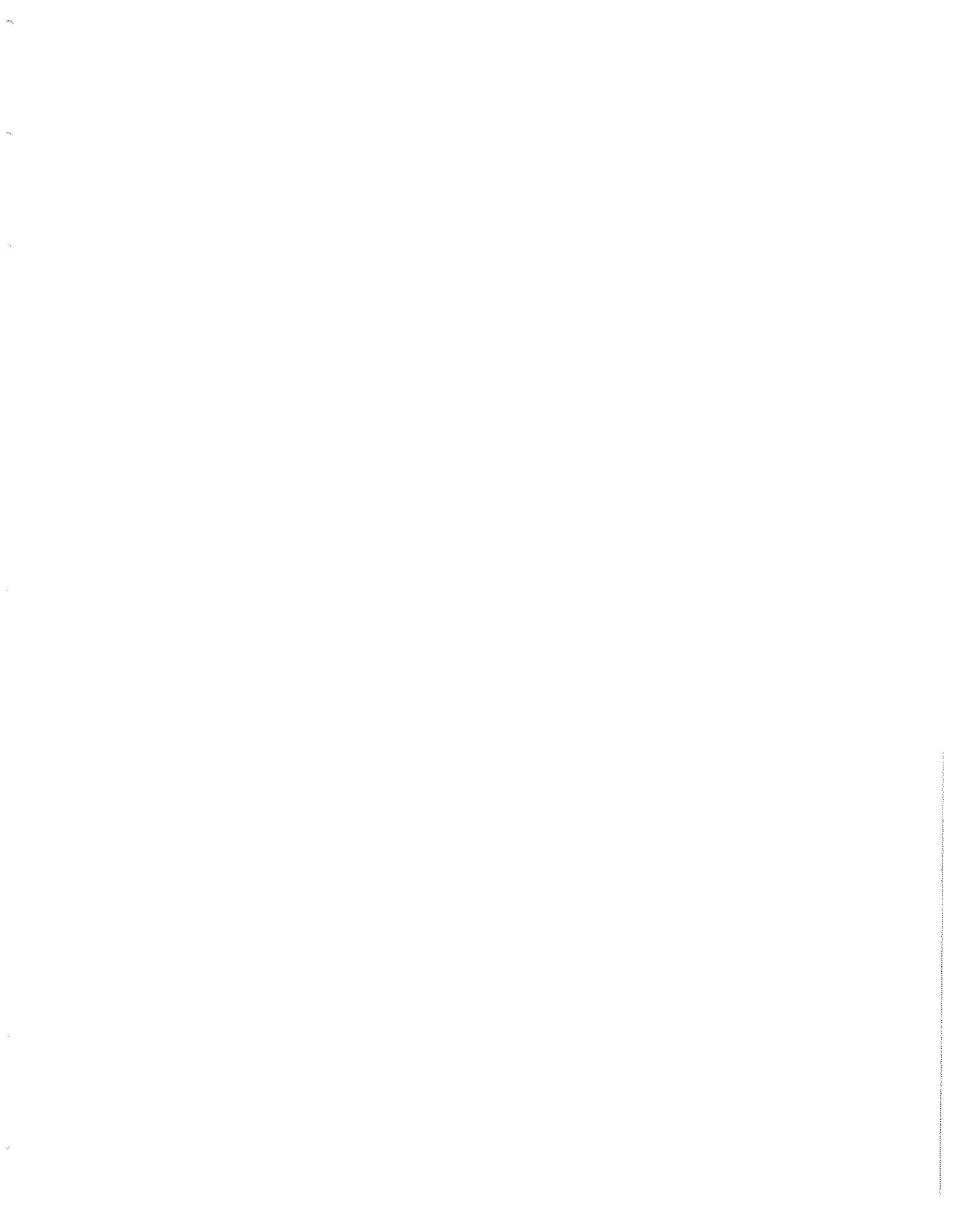
*Plus \$8,644.26 one-percent administrative fee paid quarterly. Total fee over life of loan is \$691,540.80.

Yield Statistics

Accrued Interest from 06/27/2006 to 06/27/2006	(247,148.48)
Bond Year Dollars	\$81,511.48
Average Life	12.716 Years
Average Coupon	1.6967932%
Net Interest Cost (NIC)	1.6967932%
True Interest Cost (TIC)	2.0126188%
Bond Yield for Arbitrage Purposes	2.0126188%
All Inclusive Cost (AIC)	2.8400892%

IRS Form 8038

Net Interest Cost	2.0000002%
Weighted Average Maturity	12.716 Years



**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

Entered: October 24, 2005

CASE NO. 05-1031-S-CN

MORGANTOWN UTILITY BOARD, a municipally operated public utility, Morgantown, Monongalia County.

Application for a certificate of convenience and necessity for the Morgantown Utility Board's wastewater treatment plant improvements.

RECOMMENDED DECISION

On July 14, 2005, the Morgantown Utility Board (Morgantown), a municipally operated public sewer utility, Morgantown, Monongalia County, filed an application with the Public Service Commission, pursuant to *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity to upgrade its wastewater treatment plant and to make other system upgrades; and for approval of financing for the proposed project, estimated to cost \$6,539,559. Morgantown believes that the project will not affect its rates and charges.

On July 14, 2005, the Commission directed that Morgantown publish a Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Monongalia County. The Notice of Filing, which provided a 30-day protest period, indicated that, if no protests were filed within the 30-day limit, the Commission may waive formal hearing and grant the certificate based upon the evidence submitted with the application. On August 10, 2005, Morgantown submitted a publication affidavit indicating that it had published the Notice of Filing on July 21, 2005, in *The Dominion Post*, a newspaper published and generally circulated in Monongalia County. No protests to the application have been filed.

On July 25, 2005, Staff Attorney Cassius H. Toon submitted the Initial Joint Staff Memorandum, attaching the July 21, 2005 Initial Internal Memorandum from Utilities Analyst James Boggess, Water and Wastewater Division, and from Staff Engineer Jonathan Fowler, P.E., Engineering Division. Staff reported that the project will cost an estimated \$6,539,599, to be funded with a \$6,404,295 loan from the West Virginia Department of Environmental Protection State Revolving Fund (SRF) and with a contribution of \$135,304 from Morgantown. Staff indicated that it would submit a final substantive recommendation once it had completed its investigation of the application.

By the August 3, 2005 Commission Referral Order, the Commission referred this certificate application to the Division of Administrative Law Judges (ALJ Division) to render a written recommended decision no later than February 9, 2006.

Responding to all of the above, on September 8, 2005, the Administrative Law Judge (ALJ) issued a Procedural Order adopting a procedural schedule to process and resolve this matter, including a Tuesday, November 22, 2005 hearing date.

On October 12, 2005, Staff Attorney Toon submitted the Final Joint Staff Memorandum in this matter, attaching the October 11, 2005 Final Internal Memorandum from Technical Analyst Joseph A. Marakovits and Utilities Analyst Boggess. Together, these Memoranda comprise Commission Staff's final substantive recommendation in this certificate application. Staff reported that the total project cost now is estimated at \$6,539,445, to be financed with a \$6,410,691 SRF loan bearing interest at the rate of 2% and an administrative fee of 1% for a term of 20 years, according to an October 12, 2005 letter of intent from the Department of Environmental Protection (DEP), and a \$129,254 contribution from Morgantown. Staff opined that the \$464 per customer cost is reasonable for a sewer project of this scope. Staff opined that Morgantown had adequately documented the need for the project, accented by the tremendous population growth in the greater Morgantown area. Though Staff's review of the plans and specifications does not reveal any conflicts with the Commission's rules and regulations and should be approved by the DEP after some minor revisions, Morgantown has not yet received its modified National Pollutant Discharge Elimination System (NPDES) permit. The project will not require a rate increase. Staff recommended that the Commission:

1. Approve Morgantown's application for a certificate of public convenience and necessity for the project, contingent upon the DEP approving the modified engineering plans and specifications and issuing Morgantown an NPDES permit;
2. Approve the total project financing for the project, estimated at \$6,539,445, to be financed with a \$6,410,691 SRF loan, bearing interest at the rate of 2% and an administrative fee of 1% for a term of 20 years, and a \$129,254 contribution from Morgantown;
3. Require Morgantown to obtain separate Commission approval should the scope or the financing of the project change, emphasizing that, if bids exceed the approved cost, Morgantown must submit the necessary engineering and financial data to support the increased costs;
4. Require Morgantown to have its project engineer submit a certificate of substantial completion when available; and

5. Require Morgantown to provide to the Commission a copy of the project engineer's certified tabulation of bids within ten days of opening each of the respective bids for the various parts of the project.

Responding to all of the above, on October 13, 2005, the ALJ issued an Order Granting 10-day Show Cause Notice, thereby granting Morgantown ten (10) days to show good cause to the ALJ why he should not cancel the hearing scheduled to convene on November 22, 2005, and enter a recommended decision consistent with Staff's final substantive recommendation, provided that Morgantown also satisfies all of the requirements of Rule 10.3.d of the Commission's *Rules of Practice and Procedure* by providing an affidavit of separate mailing as required by the September 8, 2005 Order, or an affidavit demonstrating why a separate mailing is not required.

On October 21, 2005, Morgantown submitted a letter from counsel attaching a Certification of Notice and Reply, which indicated that Morgantown concurred with Staff's final recommendation; agreed that the hearing should be canceled; and attached an affidavit of separate mailing indicating that Morgantown has mailed a copy of the Form 14 Notice of Filing to each of its six resale customers.

DISCUSSION

Having considered all of the above, since no dispute remains to be resolved in this proceeding, the ALJ will consider the parties to have waived their rights under *West Virginia Code* §24-1-9(b) to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, or to a hearing. Since entering this Recommended Decision obviates the necessity for the procedural schedule established by the September 8, 2005 Procedural Order, including the November 22, 2005 hearing date, the ALJ will cancel the procedural schedule.

The ALJ holds that, since Morgantown has secured proper financing for the project; since Staff opined that the \$464 per customer cost is reasonable for a sewer project of this scope; since Staff opined that Morgantown had adequately documented the need for the project, accented by the tremendous population growth in the greater Morgantown area; since the project will not require a rate increase; since, although Morgantown has not yet received its modified NPDES permit, Staff's review of the plans and specifications does not reveal any conflicts with the Commission's rules and regulations and Staff opined that it should be approved by the DEP after some minor revisions; and since Staff recommended approval, he will grant the application for a certificate of public convenience and necessity, provided that Morgantown provides to the Commission proof of receiving its modified NPDES permit prior to commencing construction. The ALJ also will approve the total project financing for the project, estimated at \$6,539,445, to be financed with a \$6,410,691 SRF loan, bearing interest at a rate not to exceed 2% and an administrative fee not to exceed 1% for a term of 20 years, and a \$129,254 contribution from Morgantown. Should the scope of the project change or the bids Morgantown receives exceed the approved cost and the change in costs will affect the rates established for the project, Morgantown must obtain separate Commission approval for the revised scope and/or the increased project cost, which must include submitting the necessary

engineering and financial data to support the increased costs. The ALJ will require that Morgantown have its project engineer submit a certificate of substantial completion when available. Finally, the ALJ will require Morgantown to provide to the Commission a copy of the project engineer's certified tabulation of bids within ten days of opening each of the respective bids for the various parts of the project.

FINDINGS OF FACT

1. Morgantown Utility Board filed an application with the Commission, pursuant to *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity to upgrade its wastewater treatment plant and to make other system upgrades; and for approval of financing for the proposed project, estimated to cost \$6,539,559, without affecting Morgantown's rates and charges. (See, July 14, 2005 application).
2. Morgantown published the Notice of Filing on July 21, 2005, in *The Dominion Post*, a newspaper published and generally circulated in Monongalia County. (See, August 10, 2005 publication affidavit).
3. Morgantown has mailed a copy of the Form 14 Notice of Filing to each of its six resale customers. (See, October 21, 2005 Certification of Notice and Reply).
4. No protests to the application have been filed. (See, Commission's file).
5. Morgantown has secured proper financing for the project. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).
6. Staff opined that the \$464 per customer cost is reasonable for a sewer project of this scope. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).
7. Staff opined that Morgantown had adequately documented the need for the project, accented by the tremendous population growth in the greater Morgantown area. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).
8. The project will not require a rate increase. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).
9. Although Morgantown has not yet received its modified NPDES permit, Staff's review of the plans and specifications does not reveal any conflicts with the Commission's rules and regulations and Staff opined that it should be approved by the DEP after some minor revisions. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).

10. Staff recommended approving the application, provided that Morgantown provides to the Commission proof of receiving its modified NPDES permit prior to commencing construction. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).

11. The total project financing for the project, estimated at \$6,539,445, will be financed with a \$6,410,691 SRF loan, bearing interest at a rate not to exceed 2% and an administrative fee not to exceed 1% for a term of 20 years, and a \$129,254 contribution from Morgantown. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).

12. Staff recommended that, should the scope or the financing of the project change for any reason, Morgantown first must obtain separate Commission approval prior to commencing construction of the project. Staff also recommended that, should the bids Morgantown receives exceed the approved cost, Morgantown must obtain separate Commission approval for the increased project cost and financing, which must include submitting the necessary engineering and financial data to support the increased costs. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).

13. Staff recommended that Morgantown have its project engineer submit a certificate of substantial completion when available. (See, October 12, 2005 Final Joint Staff Memorandum, with attachment).

14. Staff recommended that Morgantown provide to the Commission a copy of the project engineer's certified tabulation of bids within ten days of opening each of the respective bids for the various parts of the project.

CONCLUSIONS OF LAW

1. For all of the reasons set forth in the Findings of Fact, it is reasonable to conclude that the public convenience and necessity require the project.

2. Since the public convenience and necessity require the project, it is reasonable to approve the application, provided that Morgantown provides the Commission with proof of receiving its modified NPDES permit prior to commencing construction.

3. It is reasonable to approve the project financing for the project, estimated at \$6,539,445, to be financed with a \$6,410,691 SRF loan, bearing interest at a rate not to exceed 2% and an administrative fee not to exceed 1% for a term of 20 years, and a \$129,254 contribution from Morgantown.

4. Should scope of the project change or the bids Morgantown receives exceed the approved cost and the change in project costs affects the rates established for the project, it is reasonable to require Morgantown to first obtain additional Commission approval for the revised

scope and/or the increased project cost prior to commencing construction, which must include submitting the necessary engineering and financial data to support the increased costs.

5. It is reasonable to require that Morgantown have its project engineer submit a certificate of substantial completion when available.

6. It is reasonable that Morgantown provide the Commission with a copy of the project engineer's certified tabulation of bids within ten days of opening each of the respective bids for the various parts of the project.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of public convenience and necessity filed with the Commission on July 14, 2005, under *West Virginia Code* §24-2-11 by the Morgantown Utility Board to upgrade its wastewater treatment plant and to make other system upgrades be, and hereby is, **granted**, provided that Morgantown provides the Commission with proof of receiving its modified NPDES permit prior to commencing construction.

IT IS FURTHER ORDERED that the financing for the project, estimated at \$6,539,445, to be financed with a \$6,410,691 SRF loan, bearing interest at a rate not to exceed 2% and an administrative fee not to exceed 1% for a term of 20 years, and a \$129,254 contribution from Morgantown, be, and hereby is, **approved**.

IT IS FURTHER ORDERED that, should the scope of the project change or the bids Morgantown receives exceed the approved cost and the change in project costs affects the rates established for the project, Morgantown must obtain additional Commission approval for the revised scope and/or the increased project cost prior to commencing construction, which must include submitting the necessary engineering and financial data to support the increased costs.

IT IS FURTHER ORDERED that Morgantown have its project engineer submit a certificate of substantial completion when available.

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

IT IS FURTHER ORDERED that Morgantown provide the Commission with a copy of the project engineer's certified tabulation of bids within ten days of opening each of the respective bids for the various parts of the project.

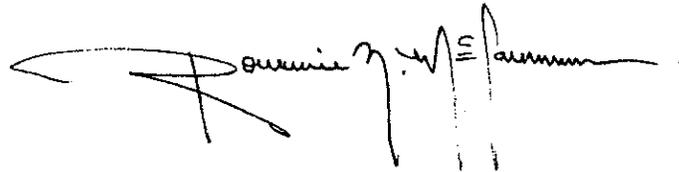
IT IS FURTHER ORDERED that the procedural schedule adopted by the September 8, 2005 Order, including the November 22, 2005 hearing date, be, and hereby is, **canceled**.

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

Leave hereby is 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 Recommended Decision 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 Recommended Decision 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 recommended decision by filing an appropriate petition in writing with the Executive 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 recommended decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
051031ab.wpd

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 28th day of September, 2005.

CASE NO. 04-1024-S-MA

MORGANTOWN UTILITY BOARD

a municipal corporation.

Investigation and suspension of increase
in water rates and charges as a result
of petitions filed in accordance with
West Virginia Code § 24-2-4b.

and

CASE NO. 04-1025-W-MA

MORGANTOWN UTILITY BOARD

a municipal corporation.

Investigation and suspension of increase
in water rates and charges as a result
of petitions filed in accordance with
West Virginia Code § 24-2-4b.

COMMISSION ORDER

At a hearing in the matter convened on September 20, 2005, the parties in attendance submitted a Joint Stipulation in settlement of all issues. By this Order, the Commission adopts and approves said Joint Stipulation.

Background¹

On June 15, 2004, the Morgantown Utility Board (MUB) adopted ordinances increasing both its water and sewer rates. The ordinance did not propose to increase rates to bulk sewer customers (satellite utilities), but rather to continue to provide resale service to those utilities pursuant to existing contract rates.

Following the filing of protests alleging that the rates in the municipal ordinance were discriminatory, the Commission, by Order entered July 6, 2004, invoked its jurisdiction over MUB's sewer and water rates. The Commission referred both proceedings to the Division of Administrative Law Judges (ALJs).²

On September 17, 2004, notice was given to MUB's sewer resale customers - Town of Star City (Star City), the Town of Granville (Granville), the City of Westover (Westover), the Deckers Creek Public Service District (Deckers Creek), the Dorsey Knob Public Service District (Dorsey Knob) and the Scotts Run Public Service District (Scotts Run) that those utilities' sewer rates may be impacted by this proceeding. They were warned that Staff had recommended that each of these utilities be served under MUB's tariff as opposed to the separate contracts currently existing for these resale utilities.

The ALJ conducted a public comment hearing on September 20, 2004, at the Monongalia County Courthouse in Morgantown, West Virginia.

During the months of September and October, 2004, Deckers Creek, Star City, Dorsey Knob, Westover, Granville, and Scotts Run were granted intervenor status.

The original statutory decision due date for this case was November 24, 2004. The statutory deadline was thrice tolled by Commission order,³ and is currently tolled until further order.

¹The procedural background provided in this order is a summary. For full procedural background, refer to prior orders in this proceeding.

²By Procedural Order issued August 6, 2004, the sewer and water cases were consolidated.

³See, Commission Orders issued September 16, 2004, October 14, 2004, and January 20, 2005.

The ALJ held a hearing on November 15, 2004. Timothy Stranko, Esquire, appeared on behalf of MUB. Daniel A. Oliver, Esquire, appeared on behalf of Dorsey Knob. Eugene Sellaro, Esquire, appeared on behalf of Deckers Creek. Paul Cranston, Esquire, appeared on behalf of Star City. David Glover, Esquire, appeared on behalf of Scotts Run. Michael Solomon, Esquire, appeared on behalf of Granville. Jeffrey Ray, Esquire, appeared on behalf of Westover. Cassius Toon, Esquire, appeared on behalf of Staff. Briefs were submitted following the hearing.

By Recommended Decision issued December 21, 2004, the ALJ rejected MUB's rate ordinance and approved different rates. The ALJ noted that the approved rates for water service were the same as those recommended by Staff at the hearing. The approved rates for sewer service were modified from the Staff-recommended rates to reflect the ALJ's discussion.

On January 5, 2005, MUB filed Exceptions to the Recommended Decision. Also on January 5, 2005, MUB filed a Motion requesting that the Commission establish the ALJ's approved tariff as interim rates for the time being, and continue to consider MUB's Exceptions. *See, Motion.*

By Order issued January 20, 2005, the Commission established the rates approved by the Recommended Decision as interim rates, subject to refund, and stated that it would continue to consider MUB's Exceptions. The Commission suspended the statutory decision date until further order, and reinstated all parties to this case. The Commission noted that by future order, it would identify the issues that it would consider in addition to those raised in MUB's Exceptions.

By Order issued February 15, 2005, the Commission corrected certain errors in the January 20, 2005, Order, and listed six issues for consideration in the case. The Commission established a procedural schedule ending with a hearing date.

On February 16, 2005, MUB filed an "Objection and Motion for Reconsideration" with respect to the Commission's choice of language in issue 2 set forth in the Order.

On March 1, 2005, MUB filed Comments and Motion to Reconsider. MUB objected to, or asked for clarification of, many of the issues listed in the Commission's February 15, 2005, Order.

By Order issued March 17, 2005, the Commission extended the procedural schedule. Among other rulings, the Commission ruled on each of MUB's objections or

clarification requests as to the issues for hearing. The revised list of issues was set forth as follows:

1. Whether the current contractual agreements between MUB and the satellite utilities allows for recovery by MUB of the cost of service provided to the satellites;
2. Appropriate level of reserve to be maintained by MUB and how such reserve account should be managed;
3. Inclusion of "other income" in estimating future revenues;
4. Appropriate treatment of fixed costs of an existing mature system when a separate portion of that system is being treated as a "stand-alone" entity required to cover its separate costs in a separate (and significantly higher) rate schedule;
5. Appropriate views of the impact of infiltration and inflow (I&I or storm-water collection); whether or not the storm water utility should pay costs of I&I in the combined system; and the effect of such I&I on the costs of the sewer system; and
6. Appropriate accounting and rate making related to fixed costs and "general overheads" and MUB's treatment of these fixed costs and general overheads as part of a customer-financed line extension project.

On July 15, 2005, both MUB and Staff filed their pre-filed direct testimony. Staff's filing also included revised *Tariff Rule 42* financial exhibits, a revised class cost of service study, and new proposed rates.

On July 20, 2005, MUB filed an Objection and Motion to Strike Staff's testimony.

On July 22, 2005, Commission Staff filed a Response to MUB's Objection and Motion to Strike urging the Commission to deny the Motion.

By Order issued July 22, 2005, the Commission denied MUB's Motion to Strike. The Order also granted MUB's request for additional time to prepare for litigation of the rate issues. Accordingly, the Commission amended the procedural schedule to end with a hearing date of September 20, 2005.

By Order issued July 26, 2005, the Commission required MUB to publish notice of the new hearing date. On August 12, 2005, MUB filed an affidavit evidencing publication of the new hearing date in *The Dominion Post* on July 29, 2006, and August 1, 2005.

On September 9, 2005, Staff filed pre-filed Rebuttal Testimony of Joseph A. Marakovits, Edwin L. Oxley, and Diane A. Davis.

On September 16, 2005, MUB filed pre-filed Reply Testimony of Debra Osborne and James Green.

On September 19, 2005, Scotts Run filed a letter stating that the District would not attend the September 20, 2005, hearing.

The hearing was held as scheduled on September 20, 2005. In attendance at the hearing were Commission Staff, MUB, and Decker Creek. At the outset of the hearing, counsel for Staff and MUB presented a "Joint Stipulation of Staff and Petitioner," attached hereto as Attachment A, in resolution of each of the six issues identified by the Commission for consideration at the hearing. Included in the Stipulation were water and sewer utility rates for MUB agreed to by both parties. Counsel for the intervenor Deckers Creek stated that the District also supported the Stipulation and counsel for Deckers Creek signed the document during the hearing.

The Commission adopted and approved the Stipulation by bench ruling.

DISCUSSION

The Commission affirms the Commission's bench ruling and finds that the Joint Stipulation, attached hereto as Attachment A, results in rates and charges for MUB that are reasonable, nondiscriminatory and primarily based on costs. The Joint Stipulation resolves this proceeding and this case will be closed.

Having approved the Stipulation, the Commission has the following comments. Despite the Stipulation's recitation that it resolves all six of the issues identified by the Commission, the document is in fact an agreement on MUB's rates going forward, and an agreement to disagree with respect to the more contentious, underlying issues.

Water and sewer utilities supply fundamental services and products to their customers and are a life-blood to communities. The Commission recognizes that public utilities, most especially those that are publicly-owned and operated, as is the case here,

have unique issues that must be addressed to properly meet responsibilities to customers. Included among those issues are access to adequate capital and the development of a management group with the skill sets necessary to design, implement, and direct an organization that will appropriately meet the needs of their service area within applicable state law and as regulated by this Commission. As such, these unique issues require just and reasonable treatment by the Commission that will, in turn, result in rates and charges to customers that are just, reasonable, nondiscriminatory and primarily based on costs.

Water and sewer service must be provided. Water and sewer utility plants and services must be expanded and improved: as the service area grows; as governmental standards change; as technology improves; as additional customers are connected or anticipated; as aging plants are replaced; as costs climb; as economic development demands increase; and, as greater difficulties in treatment, transmission and distribution are encountered. These challenges can only be effectively met by prudent management with access to capital prudently accumulated and utilized, and through the collection of rates and charges that are just, reasonable, nondiscriminatory and primarily based on costs.

The Commission recognizes that the Stipulation resolves the dollar amount of rates; however, Staff and MUB continue to conceptually disagree about the cost allocations and the appropriate accumulation of capital. All are key elements of MUB's capacity to meet the challenges faced, all are unique to MUB and all should be reviewed with MUB's unique operating conditions and characteristics in mind. Just as the least expensive form of capital is normally that accumulated internally by an organization to serve the long-run interests of its rate-paying customers, so must the rate and quantity of capital accumulation, along with its prudent use, serve the short-run interests of a utility's rate-paying customers in order to produce rates that are just, reasonable, nondiscriminatory and primarily based on costs. The Commission encourages Staff and MUB to reach a prompt consensus on these remaining issues. By this Order, the Commission will require Staff and MUB to meet and correspond for the purpose of reaching a consensus regarding issues 2 through 6 set forth on page 4 of this Order. The parties shall file quarterly status reports regarding their progress toward such a consensus.

FINDINGS OF FACT

1. At the September 20, 2005, hearing in this matter, Staff and MUB presented a Joint Stipulation, attached hereto as Attachment A, in resolution of this proceeding.
2. Deckers Creek was the sole intervenor in attendance at the hearing.

3. Counsel for Deckers Creek stated that the District supported the Joint Stipulation and added its signature to the Joint Stipulation during the hearing.

CONCLUSIONS OF LAW

1. The Joint Stipulation results in rates and charges for MUB that are reasonable, nondiscriminatory and primarily based on costs. The Commission will adopt the Joint Stipulation, attached hereto as Attachment A, in resolution of this proceeding, and this case will be closed.

2. Public utilities, most especially those that are publicly-owned and operated, as is the case here, have unique issues that must be addressed to properly meet responsibilities to customers. Included among those issues are access to adequate capital and the development of a management group with the skill sets necessary to design, implement, and direct an organization that will appropriately meet the needs of their service area within applicable state law and as regulated by this Commission.

3. As such, these unique issues require just and reasonable treatment by the Commission that will, in turn, result in rates and charges to customers that are just, reasonable, nondiscriminatory and primarily based on costs.

4. Challenges to public utilities can only be effectively met by prudent management with access to capital prudently accumulated and utilized, and through the collection of rates and charges that are just, reasonable, nondiscriminatory and primarily based on costs.

5. The issues left unresolved by the Stipulation are primarily related to cost allocations and the appropriate accumulation of capital. All are key elements of MUB's capacity to meet the challenges faced, all are unique to MUB and all should be reviewed with MUB's unique operating conditions and characteristics in mind.

6. The Commission encourages Staff and MUB to reach a prompt consensus on these remaining issues. By this Order, the Commission will require Staff and MUB to meet and correspond for the purpose of reaching a consensus regarding the following issues 2-6:

2. Appropriate level of reserve to be maintained by MUB and how such reserve account should be managed;
3. Inclusion of "other income" in estimating future revenues;

4. Appropriate treatment of fixed costs of an existing mature system when a separate portion of that system is being treated as a "stand-alone" entity required to cover its separate costs in a separate (and significantly higher) rate schedule;
5. Appropriate views of the impact of infiltration and inflow (I&I or storm-water collection); whether or not the storm water utility should pay costs of I&I in the combined system; and the effect of such I&I on the costs of the sewer system; and
6. Appropriate accounting and rate making related to fixed costs and "general overheads" and MUB's treatment of these fixed costs and general overheads as part of a customer-financed line extension project.

The parties shall be required to file quarterly status reports regarding their progress toward such a consensus with a goal of reaching consensus within one year from the date this Order is issued.

ORDER

IT IS THEREFORE ORDERED that the Recommended Decision issued December 21, 2004, is hereby rejected, and the Joint Stipulation presented to the Commission on September 20, 2005, as executed by Commission Staff, Morgantown Utility Board, and Deckers Creek Public Service District, attached hereto as Attachment A, is hereby approved in resolution of this proceeding.

IT IS FURTHER ORDERED that the rates attached hereto as Attachment B and Attachment C are approved for use by MUB on water and sewer utility bills issued on or after the date of this Order.

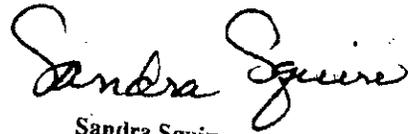
IT IS FURTHER ORDERED that within thirty days of the date of this Order, MUB shall file revised tariff sheets with the Commission's tariff office reflecting the rates approved herein.

IT IS FURTHER ORDERED that Staff and MUB meet and correspond for the purpose of reaching a consensus regarding issues 2 through 6 set forth on page 4 of this Order. The parties shall file quarterly status reports regarding their progress toward such a consensus with a goal of reaching consensus within one year from the date this Order is issued.

IT IS FURTHER ORDERED that upon entry hereof, this case is closed and shall be removed from the Commission's open docket.

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
Executive Secretary

JML/klm
041024cj.sca

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

In Re:

MORGANTOWN UTILITY BOARD
Tariff Case (Water) (Sewer)

Case # 04-1025-W-MA (Water)
04-1024-S-MA (Sewer)

Joint Stipulation of Staff and Petitioner

AND NOW, the Staff of the Public Service Commission and Petitioner Morgantown Utility Board make the following **JOINT STIPULATION** regarding these municipal appeal cases:

1. Staff of the Public Service Commission stipulates to and does not object to the admission into evidence the testimony and exhibits filed at these dockets by the Morgantown Utility Board.
2. The Morgantown Utility Board stipulates to and does not object to the admission into evidence the testimony and exhibits filed at these dockets by the Staff of the Public Service Commission.
3. These parties are pleased to report to the Commission that they have reached an agreement that resolves these cases. The particulars of the settlement proposed in this Joint Stipulation are as follows, all of which are believed to be elements of a fair and reasonable resolution of these cases:

- A. Resale Contracts with Satellite Utilities These parties agree that the satellite utilities are to be charged under tariff rates. It is also agreed that the interim rates approved by the Commission's Order dated January 20, 2005 for the sewer operation's satellite utilities are the appropriate rates to be charged those customers.
- B. Cheat Lake Rate Schedule These parties agree the rates and charges on Schedule 2 applicable to territory served by the Cheat Lake Wastewater Treatment Plant will remain unchanged. These parties acknowledge that an agreement on the appropriate methodology related to the treatment of fixed costs has not been reached. However, these parties' agreement on the rates and charges for the Cheat Lake rate schedule resolves the current sewer case.
- C. I&I or Storm-Water Collection These parties agree that a charge assessed against the Morgantown storm water utility will not be established in this case. These parties acknowledge that an agreement on the propriety of such a charge has not been reached. However, these parties' immediate agreement resolves the current sewer case.
- D. Appropriate Reserves and Inclusion of "Other Income" These parties have reached an agreement on the final rates and charges which resolves these two issues. These parties acknowledge that an agreement on the appropriate level of reserves has not been reached. However, these parties' agreement on the rates and charges resolves these cases.
- E. Appropriate Accounting and Rate Making Related To Fixed Costs and "General Overheads" These parties have reached an agreement on the final rates and charges. These parties agree that the appropriate rates and charges reflect Staff's recommended accounting treatment for capitalizing overhead costs which have been endorsed by Morgantown Utility Board.

Exhibit A

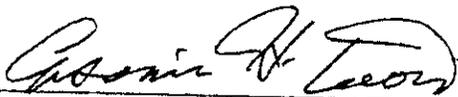
MORGANTOWN UTILITY BOARD
CASE NOS. 04-1024-S-MA & 04-1025-W-MA
PROPOSED STIPULATION REVENUE REQUIREMENTS

	Stipulation			
	Water (1) \$	Sewer (2) \$	Cheat Lake (3) \$	Combined (4) \$
<u>AVAILABLE CASH:</u>				
Operating Revenues	4,835,505	5,354,795	931,888	11,122,188
Other Operating Revenues	291,732	74,967	7,493	374,192
Other Income	223,479	224,999		448,478
Total Cash Available	5,350,716	5,654,761	939,381	11,944,858
<u>OPERATING DEDUCTIONS:</u>				
Operating Expenses	3,505,964	3,173,188	353,896	7,033,048
Taxes	139,363	141,635	8,738	289,736
Total Cash Requirements Before Debt Service	3,645,327	3,314,823	362,634	7,322,784
Cash Available for Debt Service (A)	1,705,389	2,339,938	576,747	4,622,074
<u>DEBT SERVICE REQUIREMENTS:</u>				
Interest on Long Term Debt	190,258	388,123		578,381
Bond Retirement	756,519	1,191,325	388,860	2,336,704
Debt Service Subtotal (B)	946,777	1,579,448	388,860	2,915,085
Interest on Short Term Debt	3,726	12,468	19,807	36,001
Subtotal	950,503	1,591,916	408,667	2,951,086
Debt Service Reserve Requirements				
Total Debt Service Requirements	950,503	1,591,916	408,667	2,951,086
Remaining Cash Surplus (Deficit)	754,886	748,022	168,080	1,670,988
Percent Debt Coverage (A)/(B)	180.13%	148.15%	148.32%	158.56%

4. The proposed stipulated revenue requirements are attached to and incorporated in this pleading at Exhibit "A". Staff shall make a rate design pursuant to these requirements.

RESPECTFULLY SUBMITTED,

STAFF OF THE WEST VIRGINIA PUBLIC SERVICE COMMISSION

by: 
CASSIUS H. TOON, Esq.
Staff Attorney
WV State Bar ID # 3781

MORGANTOWN UTILITY BOARD

by: 
TIMOTHY P. STRANKO, Esq.
General Counsel
WV State Bar ID# 7236

MORGANTOWN UTILITY BOARD - SEWER
CASE NO. 04-1024-S-MA
APPROVED RATES
SCHEDULE NO. 1

APPLICABILITY

Applicable to entire territory served, except that served by Cheat Lake Wastewater Treatment Plant

AVAILABILITY

Available for sanitary sewer service

RATE (Based upon the metered amount of water supplied)

First	2,000 gallons used per month or 6,000 per quarter	\$3.35	per 1,000 gallons
Next	58,000 gallons used per month or 174,000 per quarter	\$2.85	per 1,000 gallons
All over	60,000 gallons used per month or 180,000 per quarter	\$2.78	per 1,000 gallons

MINIMUM CHARGE

2. Per month \$ 6.70
3. Per quarter \$ 20.10

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

MORGANTOWN UTILITY BOARD - SEWER
CASE NO. 04-1024-S-MA
APPROVED RATES
SCHEDULE NO. 1 (Continued)

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violations of rules, non-payment of bills, or fraudulent use of water. No such charge shall be assessed if the customer has paid a water reconnection charge for the same reconnection.

LEAK ADJUSTMENT

\$0.236 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

MORGANTOWN UTILITY BOARD - SEWER
CASE NO. 04-1024-S-MA
APPROVED RATES
SCHEDULE NO. 2

APPLICABILITY

Applicable to territory served by the Cheat Lake Wastewater Treatment Plant

AVAILABILITY

Available for sanitary sewer service after January 1, 2001

RATE (Based upon the metered amount of water supplied)

First	2,000	gallons used per month or 6,000 per quarter	\$ 8.75 per 1,000 gallons
Next	8,000	gallons used per month or 24,000 per quarter	\$ 8.00 per 1,000 gallons
Next	20,000	gallons used per month or 60,000 per quarter	\$ 7.50 per 1,000 gallons
Next	30,000	gallons used per month or 90,000 per quarter	\$ 7.00 per 1,000 gallons
Next	940,000	gallons used per month or 2,820,000 per quarter	\$ 6.00 per 1,000 gallons
All over	1,000,000	gallons used per month or 3,000,000 per quarter	\$ 5.50 per 1,000 gallons

MINIMUM CHARGE

Per month	\$17.50
Per quarter	\$52.50

SERVICE CONNECTION CHARGE

A fee of three hundred and fifty dollars (\$350.00) will be charged for new customers connecting to the sewerage system.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, three percent (3%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

MORGANTOWN UTILITY BOARD - SEWER
CASE NO. 04-1024-S-MA
APPROVED RATES
SCHEDULE NO. 3

APPLICABILITY

Applicable to territory served

AVAILABILITY

Available for sanitary sewer service to other systems

RATE

All wastewater from other systems will be treated at the approved rate of \$0.979 per 1,000 gallons.

SURCHARGE

\$(0.67) per 1,000 gallons of wastewater treated from Scott's Run Public Service District until the contribution related to plant capital costs is refunded; the amount of the credit to Scott's Run Public Service District will be debited to Contributions in Aid of Construction.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES

SCHEDULE NO. 1

APPLICABILITY

Applicable in entire territory served (except for the former Laurel Point Public Service District service area as provided in Schedule 6 and the former Cheat Neck Public Service District service area as provided in Schedule 7 and the former Pounds Hollow Water Association service area as provided in Schedule 8).

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

RATE

Gallons Used Per month	Rate Per 1,000 Gallons
First 2,000	\$2.09
Next 58,000	\$1.54
All Over 60,000	\$1.14

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit:

Meter (inches)	Rate Per Month
5/8 inch or less	\$ 4.18
3/4 inch	6.30
1 inch	10.45
1 1/2 inch	20.90
2 inch	33.45
3 inch	62.70
4 inch	104.50
6 inch	209.00
8 inch	334.40

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 1 (Continued)

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 Inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 2

APPLICABILITY

Applicable in entire territory served (except for the former Laurel Point Public Service District service area as provided in Schedule 6 and the former Cheat Neck Public Service District service area as provided in Schedule 7 and the former Pounds Hollow Water Association service area as provided in Schedule 8).

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service

RATE

Gallons Used Per Quarter	Rate Per 1,000 Gallons
First 6,000	\$2.09
Next 174,000	\$1.54
All Over 180,000	\$1.14

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit:

Meter (inches)	Rate Per Quarter
5/8 inch or less	\$ 12.54
3/4 inch	18.90
1 inch	31.35
1 1/2 inch	62.70
2 inch	100.35
3 inch	188.10
4 inch	313.50
6 inch	627.00
8 inch	1003.20

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 2 (Continued)

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 Inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 3

APPLICABILITY

Applicable in the City of Morgantown

AVAILABILITY OF SERVICE

Available for service to public fire hydrants.

RATE

The City of Morgantown shall pay as a public fire charge at the rate of \$100.00 per hydrant per annum, payable in twelve equal monthly installments. This charge covers all water system facilities existing at Morgantown, West Virginia which are used in whole or in part for public fire service.

SCHEDULE NO. 4

APPLICABILITY

Applicable in the municipalities served by the Board excluding the City of Morgantown.

AVAILABILITY OF SERVICE

Available for service to public fire hydrants

RATE

Any municipality shall pay as a public fire charge at the rate of \$100.00 per hydrant per annum, payable in twelve equal monthly installments. This charge covers all water system facilities existing in any municipality which are used in whole or in part for public fire service.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 5

APPLICABILITY

Applicable in entire territory served (except municipalities)

AVAILABILITY OF SERVICE

Available for service to private fire protection facilities.

RATE

Fire Hydrants, each	\$ 145.00
Sprinkler Heads, 312 or less	145.00
Sprinkler Heads, each additional .....	.52
Hose Connections, for fire use only:	
2 1/2 inch openings, each	84.50
2 inch openings, each	44.20
1 1/2 inch openings, each	24.25
1 1/4 inch openings, each	16.00
1 inch openings, each	10.00

MINIMUM CHARGE

One hundred forty-five dollars (\$145.00) per annum.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TERMS AND CONDITIONS OF SERVICE

Charges for service rendered under this schedule are billed quarterly in arrears, and bills are payable on or before the twentieth (20th) day following the date rendered.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 6

APPLICABILITY

Applicable in entire territory heretofore designated by the Monongalia County Commission as the Laurel Point Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial service

RATE

First	2,000 gal per month or 6,000	gal per quarter	\$ 1.93	per 1,000
Next	8,000 gal per month or 24,000	gal per quarter	1.65	per 1,000
Next	20,000 gal per month or 60,000	gal per quarter	1.54	per 1,000
Next	30,000 gal per month or 90,000	gal per quarter	1.45	per 1,000
All over	60,000 gal per month or 180,000	gal per quarter	1.34	per 1,000

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed:

5/8	inch meter	.....	\$ 11.58	per quarter
1	inch meter	.....	29.64	per quarter
1 1/2	inch meter	.....	66.70	per quarter
2	inch meter	.....	118.58	per quarter
3	inch meter	.....	266.80	per quarter
4	inch meter	.....	474.32	per quarter
6	inch meter	.....	1,067.21	per quarter
8	inch meter	.....	1,897.27	per quarter

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 6 (Continued)

TAP FEE (3/4 Inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 7

APPLICABILITY

Applicable to entire territory heretofore designated by the Monongalia County Commission as the Cheat Neck Public Service District.

RATE

First 2,000 gal per month or 6,000 gal per quarter \$ 3.87 per 1,000
Next 8,000 gal per month or 24,000 gal per quarter 3.59 per 1,000
Next 20,000 gal per month or 60,000 gal per quarter 3.48 per 1,000
Next 30,000 gal per month or 90,000 gal per quarter 3.39 per 1,000
All over 60,000 gal per month or 180,000 gal per quarter 3.29 per 1,000

MINIMUM CHARGE

No bill will be rendered for less than the following amounts according to the size of the meter installed,

5/8	inch meter	\$ 7.74	per month or	\$ 23.22	per quarter
3/4	inch meter	.. 11.15	per month or	33.45	per quarter
1	inch meter	.. 19.81	per month or	59.43	per quarter
1 1/2	inch meter	.. 44.58	per month or	133.74	per quarter
2	inch meter	.. 79.26	per month or	237.78	per quarter
3	inch meter	. 178.33	per month or	534.99	per quarter
4	inch meter	. 317.03	per month or	951.09	per quarter
6	inch meter	. 713.32	per month or	2,139.96	per quarter

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 Inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 7 (Continued)

a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

TAP FEE (3/4 Inch or larger) (Continued)

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 8

APPLICABILITY

Applicable in entire territory heretofore designated as the Pounds Hollow Water Association

AVAILABILITY OF SERVICE

Available for water utility service

RATES

First	6,000 gallons used per month	\$3.66	per 1,000 gallons
Next	4,000 gallons used per month	\$3.30	per 1,000 gallons
Next	10,000 gallons used per month	\$3.00	per 1,000 gallons
All over	20,000 gallons used per month	\$1.84	per 1,000 gallons

MINIMUM BILL

No bill will be rendered for less than the following amount \$21.96 bi-monthly

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 Inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of \$100.00 will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding.

A tap fee of \$350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

MORGANTOWN UTILITY BOARD - WATER
CASE NO. 04-1025-W-MA
APPROVED RATES
SCHEDULE NO. 8 (Continued)

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

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0
0

West Virginia Infrastructure & Jobs Development Council

Public Members:

Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

August 3, 2005

Timothy Ball, Acting General Manager
Morgantown Utility Board
P.O. Box 852
Morgantown, West Virginia 26507

Re: Morgantown Utility Board
Sewer Project 2005S-868

Dear Mr. Ball:

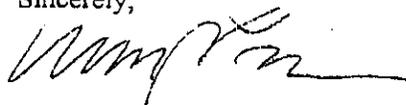
The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Morgantown Utility Board's (the "Board") preliminary application regarding its proposed project to construct a final clarifier, replace two belt filter presses, upgrade all control systems at the wastewater treatment plant and sewer lift stations, and upgrade SCADA radios at water tanks and water booster station (the "Project").

Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Board should carefully review the enclosed comments of the Sewer Technical Review Committee as the Board may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the Board pursue a \$6,404,295 Clean Water State Revolving Fund and/or Water Development Authority loan and a \$135,304 local contribution for water portion to fund this \$6,539,599 project. Please contact the West Virginia Department of Environmental Protection office at 926-0495 and the Water Development Authority at 558-3612 for specific information on the steps the Board needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these agencies.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

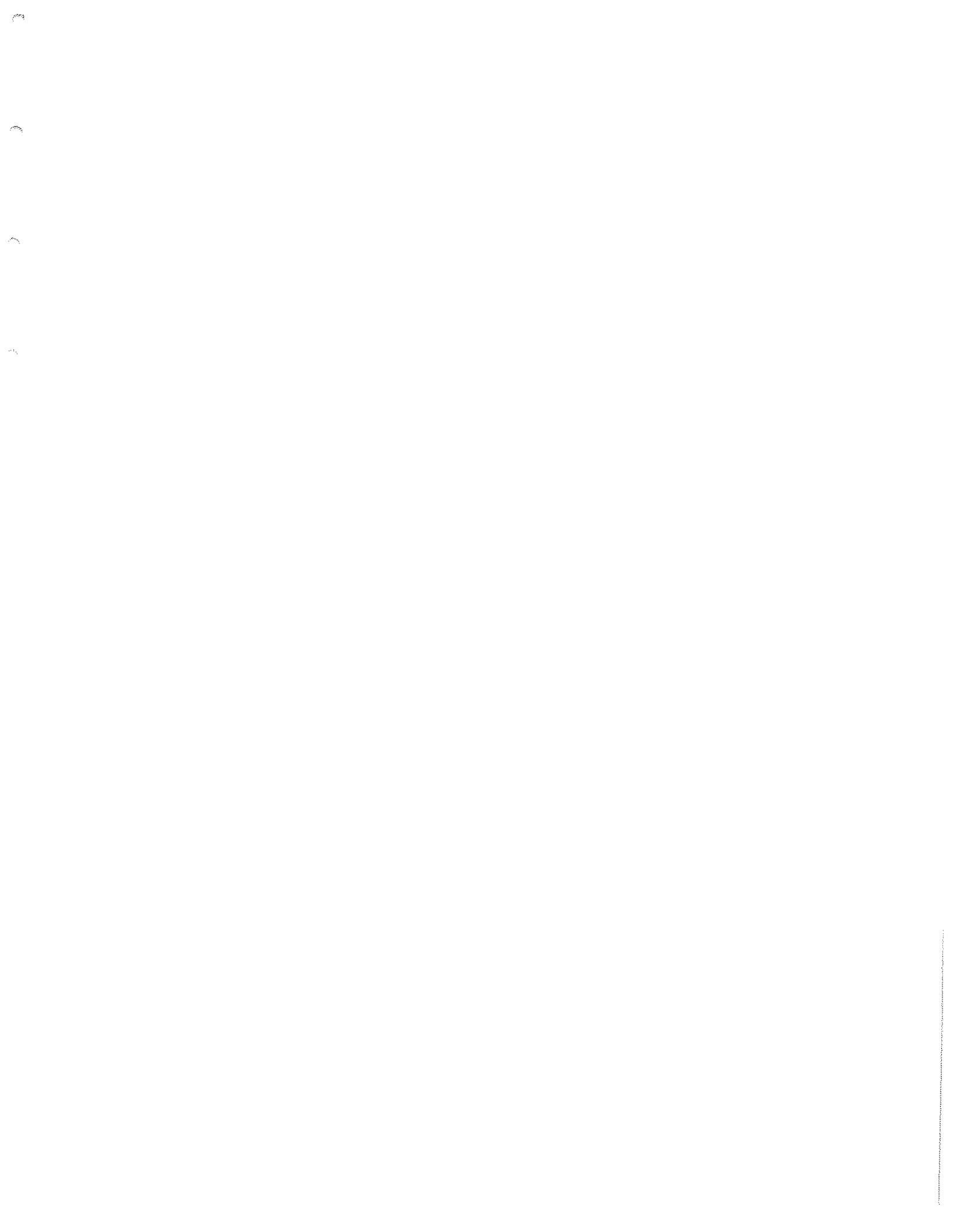
Sincerely,



Mark Prince

Enclosure

cc: Mike Johnson, DEP (w/o enclosure)
Bernie Yonkosky, WDA (w/o enclosure)
Region VI Planning & Development Council
Scott Stearns, P.E., Strand Associates, Inc.



THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

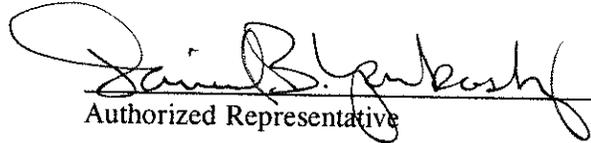
CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 30th day of June, 2006, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of The City of Morgantown (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

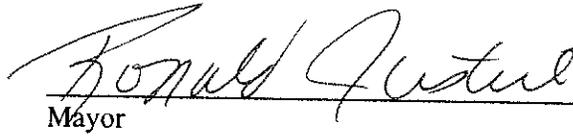
1. On the 30th day of June, 2006, the Authority received the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$6,410,191, numbered AR-1 (the "Series 2006 A Bonds"), issued as a single, fully registered Bond, and dated June 30, 2006.
2. At the time of such receipt, all the Series 2006 A Bonds have been executed by the Mayor, the City Manager and the City Clerk 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 2006 A Bonds, of \$320,510, being a portion of the principal amount of the Series 2006 A Bonds. The balance of the principal amount of the Series 2006 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

THE CITY OF MORGANTOWN


Mayor

05.31.06
627490.00021

CH816964.2



THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 30th day of June, 2006.

(1) Bond No. AR-1, constituting the entire original issue of The City of Morgantown Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), in the principal amount of \$6,410,691, dated June 30, 2006 (the "Bonds"), executed by the Mayor, the City Manager and the City Clerk of The City of Morgantown (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 April 4, 2006, and a Supplemental Resolution duly adopted by the Issuer on June 6, 2006, (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the Bonds, duly certified by the City Clerk of the Issuer;

(3) An executed loan agreement for the Bonds, dated June 30, 2006, by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "Loan Agreement"); and

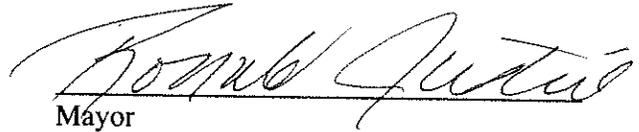
(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of \$320,510, representing a portion of the principal amount of the Bonds. 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.

to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

THE CITY OF MORGANTOWN


Mayor

06.02.06
627490.00021



UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2006 A
(WEST VIRGINIA SRF PROGRAM)

SPECIMEN
10,191

No. AR-1

KNOW ALL MEN BY THESE PRESENTS: That on this the 30th day of June, 2006, THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia in Monongalia 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 SIX MILLION FOUR HUNDRED TEN THOUSAND ONE HUNDRED NINETY ONE DOLLARS (\$6,410,191), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and SRF administrative fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated June 30, 2006.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to pay the cost of a surety bond to fund the reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on April 4, 2006, and a Supplemental Resolution duly adopted by the Issuer on June 6, 2006 (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) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 8, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$11,900,000 (THE "SERIES 1992 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,601,477 (THE "SERIES 1995 BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1997, DATED JULY 1, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$10,000,000 (THE "SERIES 1997 BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,842,000 (THE "SERIES 2000 A BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$2,488,000 (THE "SERIES 2000 B BONDS"); AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 8, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$3,812,470 (COLLECTIVELY, 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 Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2006 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2006 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 125% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds, so long as the Series 1997 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1997 Bonds are no longer outstanding and so long as there exists in the Series 2006 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

This note 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.

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 hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered 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 at 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 Left Blank]

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

[SEAL]

SPECIMEN
[Signature]
Mayor
[Signature]
City Manager

ATTEST:

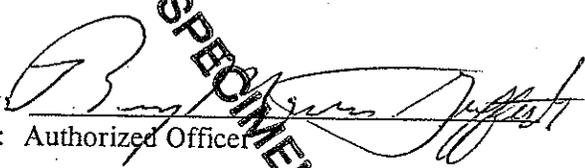
[Signature]
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2006 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: June 30, 2006.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: 
Its: Authorized Officer

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$320,510	June 30, 2006	(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

Date	Principal	Coupon	Interest	Total P+I
09/01/2006	-	-	-	-
12/01/2006	-	-	-	-
03/01/2007	-	-	-	-
06/01/2007	-	-	-	-
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	65,365.00	2.000%	32,050.96	97,415.96
12/01/2008	65,692.00	2.000%	31,724.13	97,416.13
03/01/2009	66,020.00	2.000%	31,395.67	97,415.67
06/01/2009	66,350.00	2.000%	31,065.57	97,415.57
09/01/2009	66,682.00	2.000%	30,733.82	97,415.82
12/01/2009	67,016.00	2.000%	30,400.41	97,416.41
03/01/2010	67,351.00	2.000%	30,065.33	97,416.33
06/01/2010	67,687.00	2.000%	29,728.58	97,415.58
09/01/2010	68,026.00	2.000%	29,390.14	97,416.14
12/01/2010	68,366.00	2.000%	29,050.01	97,416.01
03/01/2011	68,708.00	2.000%	28,708.18	97,416.18
06/01/2011	69,051.00	2.000%	28,364.64	97,415.64
09/01/2011	69,397.00	2.000%	28,019.39	97,416.39
12/01/2011	69,744.00	2.000%	27,672.40	97,416.40
03/01/2012	70,092.00	2.000%	27,323.68	97,415.68
06/01/2012	70,443.00	2.000%	26,973.22	97,416.22
09/01/2012	70,795.00	2.000%	26,621.01	97,416.01
12/01/2012	71,149.00	2.000%	26,267.03	97,416.03
03/01/2013	71,505.00	2.000%	25,911.29	97,416.29
06/01/2013	71,862.00	2.000%	25,553.76	97,415.76
09/01/2013	72,221.00	2.000%	25,194.45	97,415.45
12/01/2013	72,583.00	2.000%	24,833.35	97,416.35
03/01/2014	72,946.00	2.000%	24,470.43	97,416.43
06/01/2014	73,310.00	2.000%	24,105.70	97,415.70
09/01/2014	73,677.00	2.000%	23,739.15	97,416.15
12/01/2014	74,045.00	2.000%	23,370.77	97,415.77
03/01/2015	74,415.00	2.000%	23,000.54	97,415.54

Date	Principal	Coupon	Interest	Total P+I
06/01/2015	74,787.00	2.000%	22,628.47	97,415.47
09/01/2015	75,161.00	2.000%	22,254.53	97,415.53
12/01/2015	75,537.00	2.000%	21,878.73	97,415.73
03/01/2016	75,915.00	2.000%	21,501.04	97,416.04
06/01/2016	76,294.00	2.000%	21,121.47	97,415.47
09/01/2016	76,676.00	2.000%	20,740.00	97,416.00
12/01/2016	77,059.00	2.000%	20,356.62	97,415.62
03/01/2017	77,445.00	2.000%	19,971.32	97,416.32
06/01/2017	77,832.00	2.000%	19,584.10	97,416.10
09/01/2017	78,221.00	2.000%	19,194.94	97,415.94
12/01/2017	78,612.00	2.000%	18,803.83	97,415.83
03/01/2018	79,005.00	2.000%	18,410.77	97,415.77
06/01/2018	79,400.00	2.000%	18,015.75	97,415.75
09/01/2018	79,797.00	2.000%	17,618.75	97,415.75
12/01/2018	80,196.00	2.000%	17,219.76	97,415.76
03/01/2019	80,597.00	2.000%	16,818.78	97,415.78
06/01/2019	81,000.00	2.000%	16,415.80	97,415.80
09/01/2019	81,405.00	2.000%	16,010.80	97,415.80
12/01/2019	81,812.00	2.000%	15,603.77	97,415.77
03/01/2020	82,221.00	2.000%	15,194.71	97,415.71
06/01/2020	82,632.00	2.000%	14,783.61	97,415.61
09/01/2020	83,045.00	2.000%	14,370.45	97,415.45
12/01/2020	83,461.00	2.000%	13,955.22	97,416.22
03/01/2021	83,878.00	2.000%	13,537.92	97,415.92
06/01/2021	84,297.00	2.000%	13,118.53	97,415.53
09/01/2021	84,719.00	2.000%	12,697.04	97,416.04
12/01/2021	85,142.00	2.000%	12,273.45	97,415.45
03/01/2022	85,568.00	2.000%	11,847.74	97,415.74
06/01/2022	85,996.00	2.000%	11,419.90	97,415.90
09/01/2022	86,426.00	2.000%	10,989.92	97,415.92
12/01/2022	86,858.00	2.000%	10,557.79	97,415.79
03/01/2023	87,292.00	2.000%	10,123.50	97,415.50
06/01/2023	87,729.00	2.000%	9,687.04	97,416.04
09/01/2023	88,168.00	2.000%	9,248.39	97,416.39
12/01/2023	88,608.00	2.000%	8,807.55	97,415.55
03/01/2024	89,051.00	2.000%	8,364.51	97,415.51
06/01/2024	89,497.00	2.000%	7,919.26	97,416.26
09/01/2024	89,944.00	2.000%	7,471.77	97,415.77
12/01/2024	90,394.00	2.000%	7,022.05	97,416.05
03/01/2025	90,846.00	2.000%	6,570.08	97,416.08
06/01/2025	91,300.00	2.000%	6,115.85	97,415.85

Date	Principal	Coupon	Interest	Total P+I
09/01/2025	91,757.00	2.000%	5,659.35	97,416.35
12/01/2025	92,215.00	2.000%	5,200.57	97,415.57
03/01/2026	92,676.00	2.000%	4,739.49	97,415.49
06/01/2026	93,140.00	2.000%	4,276.11	97,416.11
09/01/2026	93,606.00	2.000%	3,810.41	97,416.41
12/01/2026	94,074.00	2.000%	3,342.38	97,416.38
03/01/2027	94,544.00	2.000%	2,872.01	97,416.01
06/01/2027	95,017.00	2.000%	2,399.29	97,416.29
09/01/2027	95,492.00	2.000%	1,924.21	97,416.21
12/01/2027	95,969.00	2.000%	1,446.75	97,415.75
03/01/2028	96,449.00	2.000%	966.90	97,415.90
06/01/2028	96,931.00	2.000%	484.66	97,415.66

*Plus \$8,644.26 one-percent administrative fee paid quarterly. Total fee over life of loan is \$691,540.80.

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

06/23/06
647490.00021



June 30, 2006

The City of Morgantown
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The City of Morgantown (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$6,410,191 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), 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 June 30, 2006, 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 Department of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest at the rate of 2% per annum, and with principal installments and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2008 and maturing June 1, 2028, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to 1% of the principal amount of the Bonds as set forth in Schedule Y attached to the Loan Agreement.

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 20 and Chapter 22C, Article 2 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 waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) paying the cost of a surety bond to fund the 2006 A Bonds Reserve Account for the Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs.

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

Based upon the foregoing, and 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 DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The 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 outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of \$11,900,000, Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of \$1,601,477, Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated July 1, 1997, issued in the original aggregate principal amount of \$10,000,000, Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of \$7,842,000, Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal amount of \$2,488,000, and Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the aggregate principal amount of \$3,812,470 (collectively, the "Prior 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 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, and the Series 2001 A Bonds to the issuance of the Bonds on a parity with the Prior Bonds. Written consent of the holders of the Series 1997 Bonds is not required.

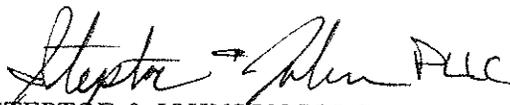
5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

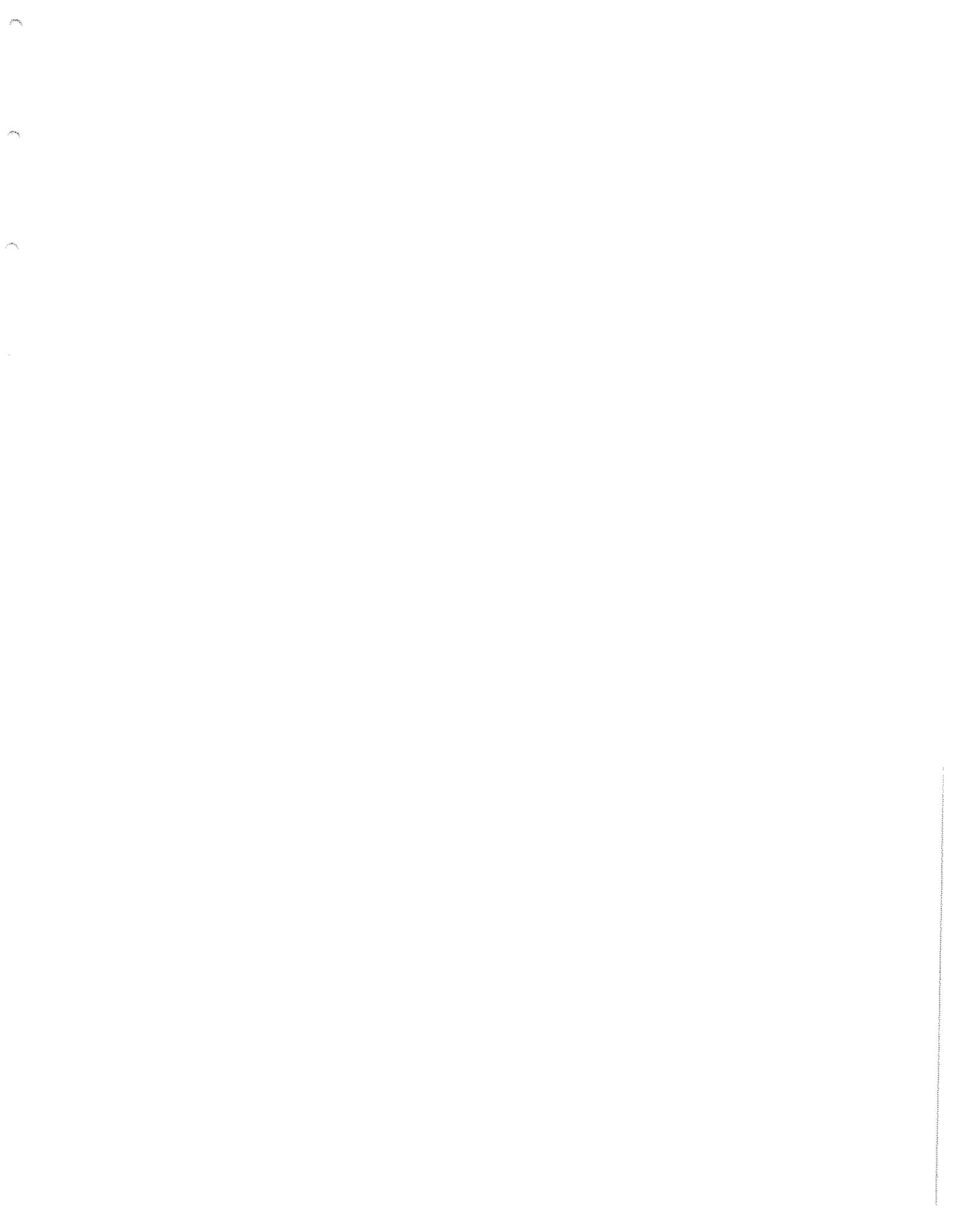
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the 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



June 30, 2006

The City of Morgantown
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ambac Assurance Corporation
New York, New York

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The City of Morgantown (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$6,410,191 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have reviewed a Surety Bond (the "Surety") issued by Ambac Assurance Corporation ("Ambac") which Surety has been pledged to the Reserve Account for the 2006 A Bonds. The Surety has been delivered to the West Virginia Municipal Bond Commission, as paying agent for the Bonds.

We have also examined the applicable provisions of the Act, a Guaranty Agreement dated the date hereof, by and between the Issuer and Ambac (the "Guaranty"), the Bond Ordinance duly enacted by the Issuer on April 4, 2006, as supplemented by a Supplemental Resolution, duly adopted by the Issuer on June 6, 2006, and a Second Supplemental Resolution duly adopted by the Issuer on July 5, 2006 (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.

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 approve the Surety and enter into the Guaranty, all under the Act and other applicable provisions of law.

2. The Issuer has duly approved and authorized the Surety and the execution of all documents related thereto. The Guaranty has been duly authorized by and executed on behalf of the Issuer, and constitutes the valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

Very truly yours,


STEPTOE & JOHNSON PLLC



***The City of Morgantown
Legal Department
389 Spruce Street
Morgantown, WV 26505***

***City Attorney
Stephen R. Fanok
304-284-7477***

FAX 304-284-7430

***Assistant City Attorney
Brent O. Burton
304-284-7479***

June 27, 2006

**The City of Morgantown
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)**

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Steptoe & Johnson PLLC
Morgantown, West Virginia

Ladies and Gentlemen:

I am the City Solicitor for the City of Morgantown in Monongalia County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement, dated June 27, 2006, including all schedules and exhibits attached hereto, by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on April 4, 2006, as supplemented by a Supplemental Resolution, duly adopted by the Issuer on June 6, 2006 (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:

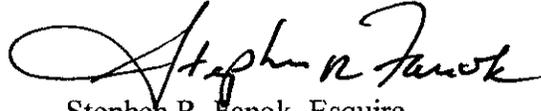
1. The Issuer has been duly created and is validly existing as a municipal corporation

and political subdivision of the State of West Virginia, and the Mayor, City Manager, City Clerk and members of the Council of the Issuer and the Morgantown Utility Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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 Issuer has duly enacted the ordinances prescribing the rates and charges of the System.
5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Infrastructure and Jobs Development Council, and has taken all required actions for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges.
6. 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.
7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the 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.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Respectfully,

A handwritten signature in black ink, reading "Stephen R. Fanok". The signature is written in a cursive style with a large initial "S" and "F".

Stephen R. Fanok, Esquire
City Solicitor

June 30, 2006

The City of Morgantown
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are special counsel to the Morgantown Utility Board (the "Board"). As such counsel, we have examined a loan agreement, dated June 30, 2006, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP") (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on April 4, 2006, as supplemented by a Supplemental Resolution, duly adopted by the Issuer on June 6, 2006 (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.

We are of the opinion that:

1. The members of the Morgantown Utility Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.
2. 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.

3. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 13, 2005, in Case No. 05-1031-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof.

4. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the 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.

5. Prior to the execution of construction contracts by the Issuer, we, or General Counsel for Morgantown Utility Board, will verify that all successful bidders have made the required provisions for all insurance and payment and performance bonds and we will verify such insurance policies and bonds for accuracy. Prior to the execution of construction contracts by the Issuer, we, or General Counsel for Morgantown Utility Board, will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, and verify 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 Agreements; 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,


STEPTOE & JOHNSON PLLC

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June 27, 2006

City of Morgantown
289 Spruce Street
Morgantown, WV 26505

West Virginia Department
of Environmental Protection
601 57th Street, SE
Charleston, WV 25304-2345

West Virginia Water Development Authority
State of West Virginia
180 Association Drive
Charleston, WV 25311-1571

Steptoe & Johnson PLLC
Chase Tower - Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588

Re: Final Title Opinion for City of Morgantown

Ladies and Gentlemen:

I am Counsel to the Morgantown Utility Board, a municipal corporation of the City of Morgantown (the "Issuer"), in connection with a proposed project to construct improvements to the wastewater treatment plant at Star City (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") 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 municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of, the necessary sites, including easements, licenses and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Strand and Associates, 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 Monongalia 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, licenses 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.

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 Monongalia County to protect the legal title to and interest of the Issuer.

Truly yours,

MORGANTOWN UTILITY BOARD



Timothy P. Stranko
General Counsel

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THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDER
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS
20. CONTRIBUTION
21. CLEAN WATER ACT
22. CONFLICT OF INTEREST
23. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR, CITY MANAGER and CITY CLERK of The City of Morgantown in Monongalia County, West Virginia (the "Issuer"), and the undersigned CITY SOLICITOR to the Issuer, hereby certify in connection with the Issuer's Combined Waterworks and Sewerage Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 2006 A 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 April 4, 2006 and the Supplemental Resolution, duly adopted June 6, 2006 (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 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 pledge or application of moneys and security or the collection of the Gross Revenues.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), dated September 8, 1992, issued in the original aggregate principal amount of \$11,900,000 (the "Series 1992 Bonds"), Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), dated April 27, 1995, issued in the original aggregate principal amount of \$1,601,477 (the "Series 1995 Bonds"), Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, dated July 1, 1997, issued in the original aggregate principal amount of \$10,000,000 (the "Series 1997 Bonds"), Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29, 2000, issued in the original aggregate principal amount of \$7,842,000 (the "Series 2000 A Bonds"), Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated February 29, 2000, issued in the original aggregate principal

amount of \$2,488,000 (the "Series 2000 B Bonds") and Combined Waterworks and Sewerage Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), dated February 8, 2001, issued in the aggregate principal amount of \$3,812,470 (collectively, the "Prior Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation.

The Issuer has met the parity test requirements of the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2001 A Bonds to the issuance of the Series 2006 A Bonds on a parity with the Series 1992 Bond, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds and the Series 2001 A Bonds. The written consent of the holders of the Series 1997 Bonds to the issuance of the Series 2006 A Bonds on a parity with the Series 1997 Bonds is not required. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Ordinances.

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
- Loan Agreement
- Public Service Commission Order
- Infrastructure Council Approval
- City Charter, with amendments
- City Council Rules of Order and Procedure
- Oaths of Office of Officers and Councilmembers
- Current Water and Sewer Rate Ordinances
- Minutes on Enactment of Rate Ordinances

Affidavit of Publication of Rate Ordinances

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

1992 Bond Ordinance & Supplemental Resolution

1995 Bond Ordinance & Supplemental Resolution

1997 Bond Ordinance & Supplemental Resolution

2000 Bond Ordinance & Supplemental Resolution

2001 Bond Ordinance & Supplemental Resolution

Consent of Holder of Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds and Series 2001 A Bonds to Issuance of Parity Bonds

Surety Bond

Commitment for Surety Bond

Surety Bond Guaranty Agreement

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "The City of Morgantown." The Issuer is a municipal corporation in Monongalia 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 7 councilmembers, all duly elected or appointed, as applicable, qualified and acting, one of whom is annually elected by the Council to serve as Mayor. The names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Don Spencer	July 1, 2005	June 30, 2007
Frank Scafella	July 1, 2005	June 30, 2007
Teresa Miller	July 1, 2005	June 30, 2007
Ronald Justice	July 1, 2005	June 30, 2007
William F. Byrne	July 1, 2005	June 30, 2007
James Manilla	July 1, 2005	June 30, 2007
Ron Bane	July 1, 2005	June 30, 2007

The duly elected Mayor for 2006 is Ronald Justice. The duly appointed and acting City Manager and City Clerk are Dan Boroff and Linda L. Little, respectively.

The Morgantown Utility Board (the "Board") is composed of the following members:

C. Barton Loar	- Chairman and Member
J. T. Straface	- Vice Chairman and Member
William Burton	- Secretary and Member
Ron Bane	- Treasurer and Member
Anna Marlene Robinson	- Member

The duly appointed and acting City Solicitor of the Issuer is Stephen R. Fanok, Esquire. The special counsel to the Board is Steptoe & Johnson PLLC.

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 is in full force and effect.

10. **LOAN AGREEMENT:** As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. **RATES:** The Issuer has duly enacted a water rate ordinance on December 20, 2005, and a sewer rate ordinance on December 20, 2005, setting rates and charges for the services of the System. The time for appeal of such ordinances has expired prior to the date hereof without any appeal. The rates established in the water rate ordinance and the sewer ordinance are currently in effect.

12. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Mayor and City Manager did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by their manual signature, and the undersigned City Clerk 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:** On the date hereof, the Issuer received \$320,510 from the Authority and the Council, being a portion of the principal amount of the Series 2006 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 *Dominion Post*, a qualified newspaper of general circulation in The City of Morgantown, 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 4th day of April, 2006, at 7:30 p.m., at the Morgantown City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk 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 Final Order of the Public Service Commission of West Virginia entered on November 13, 2005, in Case No. 05-1031-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof. Such Order remains in full force and effect.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or 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. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or 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 with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public.

All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

17. **NO FEDERAL GUARANTY:** The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. **IRS INFORMATION RETURN:** On the date hereof, the undersigned Mayor did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed IRS Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Ogden, Utah. The information contained in such executed Form 8038-G is true, correct and complete.

19. **SPECIMEN BOND:** Delivered concurrently herewith are true and accurate specimen of the Bond.

20. **CONTRIBUTION:** On the date hereof, the Issuer's contribution in the amount of \$129,254 is fully committed.

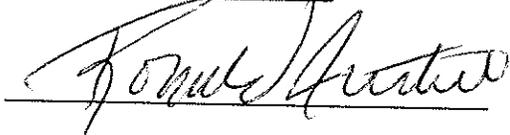
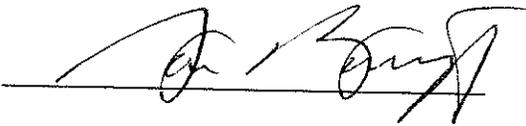
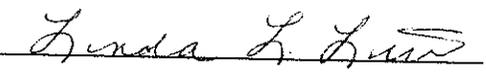
21. **CLEAN WATER ACT:** The Project as described in the Bond Legislation complies with Section 208 and 303(e) of the Clean Water Act.

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

23. **EXECUTION OF COUNTERPARTS:** This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of THE CITY OF MORGANTOWN on this 30th day of June, 2006.

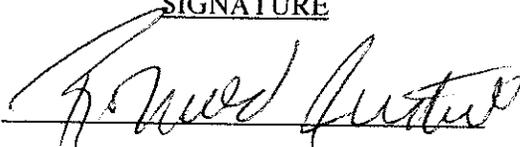
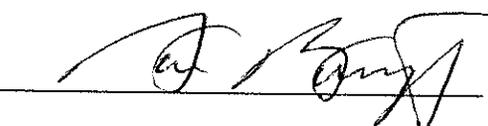
[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
	Mayor
	City Manager
	City Clerk
	City Solicitor

06.12.06
627490.00021

WITNESS our signatures and the official seal of THE CITY OF MORGANTOWN on this 30th day of June, 2006.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
	Mayor
	City Manager
	City Clerk
	City Solicitor

06.12.06
627490.00021

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of The City of Morgantown in Monongalia County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of the \$6,410,191 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated the date hereof (the "Bonds"), hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the ordinance authorizing the Bonds duly enacted by the Issuer on April 4, 2006, as supplemented (the "Bond Ordinance" or "Ordinance"), authorizing the Bonds.
2. This certificate may be relied upon as the certificate of the Issuer.
3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.
4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 27, 2006, the date on which the Bonds are to be physically delivered in exchange for an initial advance of \$320,510, being more than a de minimus portion of the principal amount of the Bonds, and, to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.
5. The Bonds were sold on June 27, 2006, to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement dated June 27, 2006,

by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP"), for an aggregate purchase price of \$6,410,191 (100% of par), at which time, the Issuer received \$320,510, being the first advance of the principal amount of the Bonds from the Authority. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Series 2006 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

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 extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer; (ii) paying the cost of a surety bond to fund the Series 2006 A Bonds Reserve Account; and (iii) paying certain costs of issuance and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend in excess of 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. Acquisition and construction of the Project and 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 constituting capitalized interest, if any, and proceeds deposited in the Series 2006 A Bonds Reserve Account, 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 April 1, 2008, except as otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by January 1, 2008.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$6,539,445. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Bonds	\$6,410,191
Issuer's Contribution	<u>\$ 129,254</u>
Total Sources	<u>\$6,539,445</u>

USES

Costs of Acquisition and Construction of the Project	\$6,491,445
Cost of Reserve Account Surety Bond	\$ 20,000
Costs of Issuance	<u>\$ 28,000</u>
Total Uses	<u>\$6,539,445</u>

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued if previously established by the Prior Ordinances):

- (1) Revenue Fund;
- (2) Depreciation Fund;
- (3) Operation and Maintenance Fund;
- (4) Series 2006 A Bonds Construction Trust Fund;
- (5) Series 2006 A Bonds Sinking Fund; and
- (6) Series 2006 A Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

(1) Series 2006 A Bonds proceeds in the amount of \$-0- will be deposited in the Series 2006 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(2) Series 2006 A Bonds proceeds in the amount of \$20,000, will be used to purchase the surety bond for the Series 2006 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2006 A Bonds will be deposited in the Series 2006 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2006 A Bonds and related costs.

Amounts in the Series 2006 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treasury Regulation § 1.150 - 2(f)(2), none of the proceeds of the Series 2006 A Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 2006 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2006 A Bonds Sinking Fund and Series 2006 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2006 A 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.

13. Except for the Series 2006 A Bonds Sinking Fund and the Series 2006 A Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Depreciation Fund will

be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Bonds, if any, will be deposited in the Series 2006 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2006 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Bonds and will not exceed 125% of average annual principal of and interest on the Bonds. Amounts in the Series 2006 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2006 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

Because amounts in the Depreciation Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds 5% of the net sale proceeds of the Bonds.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 18 months of the date hereof.

16. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such Bonds were issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

18. With the exception of the amount deposited in the Series 2006 A Bonds Sinking Fund for payment of interest on the Bonds and the amount deposited in the Series 2006 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 22 months from the date of issuance thereof.

19. 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.

20. The Series 2006 A Bonds Sinking Fund (other than the Series 2006 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Bonds each year. The Series 2006 A Bonds Sinking Fund (other than the Series 2006 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Bonds, or 1 year's interest earnings on the Series 2006 A Bonds Sinking Fund (other than the Series 2006 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2006 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2006 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 2006 A Bonds Sinking Fund (other than in the Series 2006 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

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

23. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

25. 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.

26. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

27. The Bonds are not and will not be, in whole or in part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. [RESERVED]

29. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Series 2006 A Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2006 A Bonds from the gross income for federal income tax purposes of interest on the Series 2006 A Bonds.

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

31. The Issuer has either (a) funded the Series 2006 A Bonds Reserve Account with a surety bond or with cash at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2006 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2006 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2006 A Bonds Reserve Account and the Series 2006 A Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

33. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with any of the Bonds and (c) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Bonds.

34. The transactions contemplated herein do not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

35. The Issuer will rebate to the United States the amount, if any, required by the Code and will take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion, of interest on the Bonds from gross income for federal income tax purposes.

36. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

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

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

39. 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.

40. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

41. 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 30th day of June, 2006.

THE CITY OF MORGANTOWN



Mayor

06.12.06
627490.00021

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Scott W. Stearns, Registered Professional Engineer, West Virginia License No. 14131, of Strand Associates, Inc., Madison, Wisconsin, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of The City of Morgantown (the "Issuer"), to be constructed primarily in Monongalia County, West Virginia, which acquisition and construction are being financed by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on April 4, 2006, as supplemented by the Supplemental Resolution adopted by the Issuer on June 6, 2006, and the Loan Agreement by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP"), dated June 30, 2006 (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) paying the costs of purchasing a surety bond to fund the Reserve Account for the Bonds; 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 DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 25 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 A attached hereto as Exhibit A and Timothy P. Stranko, counsel to the Morgantown Utility Board, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as

approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Toothman Rice, PLLC, CPAs, of even date herewith, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 30th day of June, 2006.

STRAND ASSOCIATES, INC.

(SEAL)





Scott W. Stearns, P.E.
West Virginia License No. 14131

06.02.06
627490.00021

Schedule A

Name of Governmental Agency: The City of Morgantown/Morgantown Utility Board
Estimated Total Cost of Project Sources of Funds and Cost of Financing

A. Cost of Project

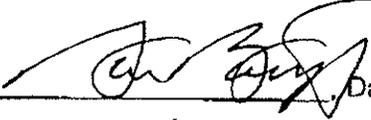
1. Construction	<u>5,653,400</u>	
2. Technical Services	<u>638,445</u>	
3. Legal and Fiscal	<u>\$20,000</u>	
4. Administrative	<u>54,125</u>	
5. Site and Other Lands	<u>0</u>	
6. Step I and/or Step II or Other	<u>0</u>	
Loan Repayment (Specify Type)		
7. Interim Financing Costs	<u>0</u>	
8. Contingency	<u>125,475</u>	
9. Total of Lines 1-8	<u> </u>	\$6,491,445

B. Source of Funds

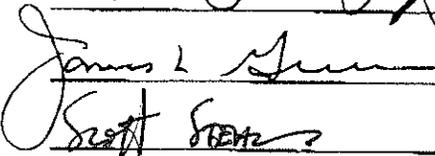
10. Federal Grants	<u>0</u>	
11. State Grants	<u>0</u>	
12. Other Grants	<u>0</u>	
13. Other Sources Local Contribution	<u>129,254</u>	
14. Total of Lines 10-13	<u>129,254</u>	\$129,254
15. Proceeds Required from		
Bond Issue	<u> </u>	\$6,362,191
(Line 9 less line 14)		

C. Cost of Financing

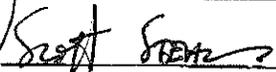
16. Capitalized Interest	<u>0</u>	
(Construction period plus		
six months)		
17. Funded Reserve Account	<u>20,000</u>	
18. Bond Counsel	<u>28,000</u>	
19. Other Costs	<u>0</u>	
20. Total of Lines 16-19	<u>48,000</u>	
21. Size of Bond Issue	<u>6,410,191</u>	
(Line 9 plus Line 20 minus Line 14)		



Dan Boroff, City Manager



James Green, General Manager



Scott Stearns, Engineer

Dated: June 26, 2006

June 30, 2006

The City of Morgantown
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

West Virginia Water Development
Authority
Charleston, West Virginia

The City of Morgantown
Morgantown, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have examined the accompanying computations of debt service coverage of the Morgantown Utility Board Water and Sewerage System (the "System"). Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary in the circumstances.

Based upon the rates and charges set forth in the water and sewer rate ordinance of The City of Morgantown (the "Issuer") enacted December 20, 2005, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Morgantown Utility Board, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the System, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 125% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program) (the "Bonds"), to be issued in the original aggregate principal amount of \$6,410,191 to the West Virginia Water Development Authority on the date hereof and all other obligations secured by or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), Combined Waterworks and Sewerage Revenue Bonds, Series 2000 A (West Virginia SRF Program), Combined Waterworks and Sewerage System Revenue Bonds Series 2000 B (West Virginia Infrastructure Fund), Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1997, Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), and Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program) (collectively, the "Prior Bonds").

West Virginia Development Authority, et al.
Page 2

It is our further opinion that the Net Revenues actually derived from the System during the fiscal year preceding the date of actual issuance of the Bonds, that is, the fiscal year ended June 30, 2005, plus the estimated average increased annual net revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the Bonds, will not be less than 125% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Bonds and the Prior Bonds, as stated on the attachment.

Very truly yours,

Toothman Rice, P.L.L.C.

TOOTHMAN RICE, P.L.L.C.

Morgantown Utility Board
 Projected Revenues
 Fiscal Years Ended June 30, 2006 through June 30, 2010

	2006	2007	2008	2009	2010
Projected Revenues					
Water Sales	4,748,749	4,938,942	4,963,637	4,988,455	5,013,397
Morgantown Sewer Sales	4,951,852	4,988,042	5,062,863	5,138,806	5,215,888
Cheat Sewer Sales	982,058	1,020,850	1,061,684	1,104,151	1,148,317
Stormwater Service Fee	1,010,871	1,010,871	1,010,871	1,010,871	1,010,871
Fire Protection	200,392	200,392	200,392	200,392	200,392
Sewer Satellites	468,961	627,939	627,939	627,939	627,939
Other Income:					
Interest Income	311,338	270,000	225,000	225,000	225,000
Penalties	99,849	80,000	80,000	80,000	80,000
Rental Income	92,815	84,000	84,000	84,000	84,000
Billing Services	119,767	119,767	119,767	119,767	119,767
Account & Reconnect	17,770	17,770	17,770	17,770	17,770
Other-Dumping Fees	48,775	48,860	48,860	48,860	48,860
Jobbing & Contract Revenue	54,536	54,536	54,536	54,536	54,536
Other	5,000	5,000	5,000	5,000	5,000
Total Revenues	13,112,733	13,466,969	13,562,319	13,705,547	13,851,737
Projected Expenses					
Operations & Maintenance	8,445,045	8,951,748	9,488,853	10,058,184	10,661,675
Payroll Taxes	379,595	394,779	406,622	418,821	431,386
Total Operating Expenses	8,824,640	9,346,527	9,895,475	10,477,005	11,093,061
Projected Annual Debt Service					
1992 Issue	796,025	796,025	796,025	796,025	796,025
1995 Issue	111,779	111,779	111,779	111,779	111,779
1997 Issue	1,322,580	1,322,580	330,645	-	-
2000 A Issue	343,191	343,191	343,191	343,191	343,191
2000 B Issue	65,476	65,476	65,476	65,476	65,476
2001 A Issue	339,396	339,396	339,396	339,396	339,396
2006 A Issue			319,957	426,609	426,609
Total Debt Service Expenses	2,978,447	2,978,447	2,306,469	2,082,476	2,082,476
Debt Service Coverage Calculation	1.44	1.38	1.59	1.55	1.32
Debt Service Coverage Requirement	1.25	1.25	1.25	1.25	1.25

Charter
of the
CITY OF MORGANTOWN

Approved by voters: April 29, 1977

CHARTER
OF THE
CITY OF MORGANTOWN

EDITOR'S NOTE: The Morgantown Charter was approved by the voters on April 29, 1977. Dates appearing in parentheses following section headings indicate those sections were subsequently amended, added or repealed on the dates given.

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CHARTER
OF THE
CITY OF MORGANTOWN

ARTICLE I
POWERS OF THE CITY

SECTION 1.01. INCORPORATION.

The inhabitants of the portion of the County of Monongalia, in the State of West Virginia, within the limits of the City of Morgantown as they now exist, or as they may hereafter be, shall be and continue a body politic and corporate in perpetuity by the name and style of "The City of Morgantown."

SECTION 1.02. POWERS OF THE CITY.

The City shall have all the powers specifically provided for in this Charter and shall also have all the powers now or hereafter granted to municipal corporations and to cities of its class by the Constitution and general laws of the State, together with all the implied powers necessary and proper to carry into execution the powers so granted. The enumeration herein of particular powers shall not be deemed exclusive, but the City shall have and may exercise all the powers which under the Constitution and laws of the State it is possible for a City to have, as fully and completely as though they were specifically enumerated in this Charter.

SECTION 1.03. CONSTRUCTION.

The powers of the City under this Charter shall be construed liberally in favor of the City, and the specific mention of particular powers in the Charter shall not be construed as limiting in any way the general power stated in this Article.

SECTION 1.04. INTERGOVERNMENTAL RELATIONS.

The City may exercise any of its powers or perform any of its functions and may participate in the financing thereof, jointly or in cooperation, by contract or otherwise, with any governmental subdivision of the State of West Virginia or one or more states or civil divisions of agencies thereof, or the United States or any agency thereof.

SECTION 2.05. PROHIBITIONS.

(a) Holding Other Office. During his term of office, no Councilmember shall hold any other elected public office, nor shall be employed by the City in any other capacity and no former Councilmember shall hold any compensated appointive City office or employment until one year after the expiration of the term for which he was elected to the Council. However, any member of any political executive committee shall not be deemed to hold an elected public office within the meaning of this section.

(b) Conflicts of Interest, Penalties. No member of Council shall vote upon or participate in the furtherance of any matter in which that Councilmember has, either directly or indirectly, a substantial financial or other substantial personal interest, as a member, manager, officer, bondholder or stockholder of any partnership, business, firm or corporation. Such interest shall include, but not be limited to, an interest in any contract furnishing material, services, or supplies to the City or to any contractor, or workmen for the City, any sale of land to or from the City, any lease to or from the City, annulment of any street, or any special privilege or right which may inure to the benefit of such Councilmember directly or indirectly, except as such privilege may benefit him generally as a citizen of the community.

Any Councilmember who willfully conceals such interest or willfully violates the requirements of this section shall be guilty of malfeasance in office and shall forfeit his office. Violation of this section with the knowledge express or implied of the person, or of the corporate officer, agent or employee contracting with the City, shall render voidable by action of the City Council, any transaction prohibited by the preceding paragraph. Removal of any Councilmember for violation of the provisions of this section shall be accomplished in the manner provided by law for the removal of elected Municipal officers.

(c) Appointments and Removals. Neither the Council nor any of its members shall in any manner dictate the appointment or removal of any City administrative officer or employee whom the Manager or any of his subordinates are empowered to appoint, but the Council may express its views and fully and freely discuss with the Manager anything pertaining to the appointment or the removal of such officer or employee.

(d) Interference with Administration. Except for the purpose of inquiries and investigations under Section 2.09, the Council or its members shall deal with City officers and employees who are subject to the direction and supervision of the City Manager solely through the Manager, and neither the Council nor its members shall give orders to any such officers or employees, either publicly or privately. Violation of this provision shall constitute ground for removal from office.

It is the intention of this subsection (d) that the Council shall act in all matters as a body, and it is contrary to the spirit of this section for any of its members to seek individually to influence the official acts of the Manager, or any other officer, or employee, or for the Council or any of its members to direct or request the appointment of any person to, or his removal from, office; or to interfere in any way with the performance by such officers or employees of their duties.

(e) Council shall not appoint or otherwise establish permanent or standing committees for the conduct of Council business.

SECTION 2.08. CITY CLERK.

The Council shall appoint a resident of the City to serve as City Clerk at the will and pleasure of the Council. Except as otherwise provided in this Charter and subject to the supervision of the City Manager, the Clerk shall have the power, and it shall be his duty to:

- (1) Give notice of and attend all meetings of the Council, keep the journal of its proceedings, authenticate by his signature and record in full in a book kept for the purpose all ordinances and resolutions of the Council, prepare and keep up to date an index of all such ordinances and resolutions, and keep all such records available for public inspection.
- (2) Make and certify copies of any ordinance, resolution or order of this Council whenever required to do so, and affix the corporate seal of the City to any paper required to be sealed and to any certified copy of any paper, order or proceeding which he may make.
- (3) Prepare and cause to be served all notices required to be given to any person, firm or corporation, and after the proper service and return of any notice, to file and preserve the same.
- (4) Have custody of and keep available for public inspection the permanent records of the City and file and properly index all records of such City officers and departments as the City Manager may direct.
- (5) Perform such other duties as may be required of him by this Charter, by general law, or by City ordinance or order of the City Manager not inconsistent with this Charter or with general law.

SECTION 2.09. INQUIRIES OR INVESTIGATIONS.

The Council may make or cause to be made inquiries or investigations into the affairs of the City and the conduct of any City department, office or agency and for this purpose may invite or subpoena witnesses, administer oaths, take testimony and require the production of evidence.

A written report of the findings of fact shall be made to the Council within a reasonable time of the conclusion of any inquiry or investigation conducted under this section, which report shall be made a public record. There may be deleted from such report any matter permitted by the State code to be discussed in a closed or executive session; provided that no such finding of fact deleted from the report shall be made the basis of any punitive or disciplinary action, nor shall it be the basis for the denial of due process.

Inquiries or investigations under this section shall not be conducted during the recess of any regular or special meeting, but shall be conducted only at meetings called especially for the purpose of conducting an inquiry or investigation.

Any person who fails or refuses to obey a lawful order issued in the exercise of these powers by Council shall be guilty of a misdemeanor and punishable by a fine of not less than \$50 nor more than \$500.
(Amended April 24, 1979.)

- (7) Convey or lease or authorize the conveyance or lease of any lands from the City or to the City;
- (8) Require a license to do business;
- (9) Provide for a public improvement;
- (10) Lay out or vacate a public street, avenue, road, alley or way;
- (11) Relate to planning and zoning;
- (12) Provide for a contractual or other agreement with another jurisdiction;
- (13) Adopt with or without amendment ordinances proposed under the initiative power;
- (14) Change ward boundaries;
- (15) Amend or repeal any ordinance previously adopted, except as otherwise provided in Article VIII with respect to repeal of ordinances reconsidered under the referendum power.

SECTION 2.13. ORDINANCES IN GENERAL.

(a) Form. Every proposed ordinance shall be introduced in writing and in the form required for final adoption. No ordinance shall contain more than one subject which shall be clearly expressed in its title. The enacting clause shall be "The City Of Morgantown hereby ordains ...". Any ordinance which repeals or amends an existing ordinance or part of the City code shall set out in full the ordinance, sections or subsections to be repealed or amended, and shall indicate matter to be omitted by enclosing it in brackets or by strikeout type and shall indicate new matter by underscoring or by italics.

(b) Procedure. Any and all ordinances shall be adopted, in accordance with the following requirements, except where different or additional requirements are specified by law, in which event such other different or additional requirements shall be applicable.

The Council may by ordinance specify other additional requirements for the enactment of ordinances or may prescribe a procedure for the enactment of ordinances in greater detail than prescribed by this Charter, but the Council shall not, except in an emergency as specified in Section 2.14 or except as otherwise provided by law, lessen or reduce the requirements of this Charter.

- (1) An ordinance may be introduced by any member at any regular or special meeting of the Council. Upon introduction of any ordinance, the City Clerk shall read fully and distinctly the proposed ordinance in its entirety, shall distribute a copy to each Councilmember and to the Manager, and shall file a reasonable number of copies in the office of the City Clerk. Codes of technical regulations need not be read.
- (2) A proposed ordinance shall be read by title at a second or succeeding meeting of Council with at least two weeks intervening between each meeting, unless a member demands that the ordinance be read in full at the second or succeeding meeting. If such demand is made, the ordinance shall be read in full as demanded.
- (3) At least five days before the meeting at which a proposed ordinance, the principal object of which is the raising of revenue for the Municipality, is to be finally adopted, the Council shall cause notice of the proposed adoption of said proposed ordinance to be published as a Class I-O legal advertisement in compliance with

SECTION 2.15. CODES OF TECHNICAL REGULATIONS.

The Council may adopt any standard code of technical regulations by reference thereto in an adopting ordinance. The procedure and requirements governing such an adopting ordinance shall be as prescribed for ordinances generally, except that:

- (1) The requirements of Section 2.13 for distribution and filing of copies of the ordinance shall be construed to include copies of the code of technical regulations as well as of the adopting ordinance, and
- (2) A copy of each adopted code of technical regulations as well as of the adopting ordinance shall be authenticated and recorded by the City Clerk pursuant to subsection 2.16(a).

Copies of any adopted code of technical regulations shall be made available by the City Clerk for distribution or for purchase at a reasonable price.

SECTION 2.16 CODIFICATION AND PRINTING.

(a) Codification. To the extent that it has not already done so, within three years after adoption of this Charter and at least every ten years thereafter, the Council shall provide for the preparation of a general codification of all City ordinances and resolutions having the force and effect of law. The general codification shall be adopted by the Council by ordinance and shall be published promptly in bound or looseleaf form, together with the Charter and any amendments thereto, pertinent provisions of the Constitution and other laws of the State of West Virginia and such codes of technical regulations and other rules and regulations as the Council may specify. This compilation shall be known and cited officially as the Morgantown City Code. Copies of the code shall be furnished to City officers, placed in the City library and in the City Clerk's office for free public reference and made available for purchase from the City by the public at a reasonable price fixed by the Council.

(b) Printing of Ordinances and Resolutions. The Council shall cause each ordinance and resolution having the force and effect of law and each amendment to this Charter to be copied promptly following its adoption, and the said copies of the ordinances, resolutions and Charter amendments shall be distributed or sold by the City Clerk to the public at reasonable prices to be fixed by the Council. Following publication of the Morgantown City Code and at all times thereafter, the ordinances, resolutions and Charter amendments shall be reproduced in substantially the same style as the code currently in effect and shall be suitable in form for integration therein. The Council shall make such further arrangements as it deems desirable with respect to reproduction and distribution of any current changes in or additions to the City Code.

**ARTICLE III
CITY MANAGER****SECTION 3.01. APPOINTMENT; QUALIFICATIONS; COMPENSATION.**

The Council shall appoint a City Manager for an indefinite term and fix his compensation. The Manager shall be appointed solely on the basis of his executive and administrative qualifications. He need not be a resident of the City or State at the time of his appointment but must reside in the City while in office.

- (4) He shall see that all laws, ordinances and provisions of this Charter and acts of the Council, subject to enforcement by him or by officers subject to his direction and supervision, are faithfully executed and enforced.
- (5) He shall prepare and submit the annual budget and capital program to the Council.
- (6) He shall propose personnel rules, and the Council may by ordinance adopt them with or without amendment.
- (7) He shall submit to the Council and make available to the public complete reports on the finances and administrative activities of the City as of the end of each fiscal year. The report on finances shall be made in accordance with generally accepted accounting principles for municipal governments and agencies.
- (8) He shall make such other reports as the Council may require concerning the operations of City departments, offices and agencies subject to his direction and supervision.
- (9) He shall keep the Council fully advised as to the financial condition and future needs of the City and make such recommendations to the Council concerning the affairs of the City as he deems desirable.
- (10) The City Manager shall devote his whole working time to the performance of the duties of his office, and while occupying such office shall not engage, directly or indirectly, or be actively interested in any business which would be in conflict with the performance of his duties concerning the affairs of the City of Morgantown.
- (11) He shall perform such other duties as are specified in this Charter or may be required by the Council.

ARTICLE IV ADMINISTRATIVE DEPARTMENTS AND AGENCIES

SECTION 4.01. GENERAL PROVISIONS.

(a) Creation of Departments, etc. The Council may, by ordinance establish City departments, offices or agencies in addition to those created by this Charter and may prescribe the function of all departments, offices and agencies, except that no function assigned by this Charter to a particular department, office or agency may be discontinued or, unless the Charter specifically so provides, assigned to any other.

(b) Direction and Supervision. All departments, offices and agencies under the direction and supervision of the Manager shall be administered by an officer appointed by and subject to the direction and supervision of the Manager. With the consent of Council, the Manager may serve as the head of one or more of such departments, offices or agencies or may appoint one person as the head of two or more of them.

SECTION 4.02. BOARDS, AUTHORITIES AND COMMISSIONS.

The Council may by ordinance create, alter, or abolish such agencies, in the form of boards, authorities or commissions, as it may deem necessary in order to perform any Municipal functions, and to confer powers, authority and duties upon them, consistent with State law. The members thereof shall be appointed by Council.

- (6) Policies and procedures governing relationships with employee organizations;
- (7) Grievance procedures, including procedures for the hearing of grievances by the Personnel Board, which may render advisory opinions based on its findings to the City Manager with a copy to the employee;
- (8) Provide advice and guidance to all City officials, department heads and supervisors as necessary for the administration of the City personnel system.

ARTICLE V FINANCIAL PROCEDURES

SECTION 5.01. FISCAL YEAR.

The fiscal year of the City shall begin on the first day of July and end on the last day of June.

SECTION 5.02. SUBMISSION OF BUDGET AND BUDGET MESSAGE.

On or before the 15th day of February of each year, the Manager shall submit to the Council a budget for the ensuing fiscal year and an accompanying message.

SECTION 5.03. BUDGET MESSAGE.

The Manager's message shall explain the budget both in fiscal terms and in terms of the work programs. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City's debt position and include such other material as the Manager deems desirable.

SECTION 5.04. BUDGET.

The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year and, except as required by law or this Charter, shall be made in accordance with generally accepted accounting principles for municipal governments and agencies. In organizing the budget the Manager shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity, and object. It shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicate in separate sections:

- (a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by offices, departments and agencies in terms of their respective work programs, and the method of financing such expenditures;
- (b) Proposed capital expenditures during the ensuing fiscal year, detailed by offices, departments and agencies when practicable, and the proposed method of financing each such capital expenditure;

- (1) The times and places where copies of the capital program are available for inspection by the public, and
- (2) The time and place, not less than two weeks after such publication, for a public hearing on the capital program.

(b) Adoption. The Council by resolution shall adopt the capital program with or without amendment after the public hearing and on or before the 28th day of March of the current fiscal year.

SECTION 5.08. PUBLIC RECORDS.

Copies of the budget and the capital program as adopted shall be public records and shall be made available to the public at suitable places in the City.

SECTION 5.09. AMENDMENTS AFTER ADOPTION.

(a) Supplemental Appropriations. If during the fiscal year the Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the Council by ordinance may make supplemental appropriations for the year up to the amount of such excess.

(b) Emergency Appropriations. To meet a public emergency affecting life, health, property or the public peace, the Council may make emergency appropriations. Such appropriations may be made by emergency ordinance in accordance with the provisions of Section 2.14. To the extent that there are no available unappropriated revenues to meet such appropriations, the Council may by such emergency ordinance authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.

(c) Reduction of Appropriations. If at any time during the fiscal year it appears probable to the Manager that the revenues available will be insufficient to meet the amount appropriated, he shall report to the Council without delay, indicating the estimated amount of the deficit, any remedial action taken by him and his recommendations as to any other steps to be taken. The Council shall then take such further action as it deems necessary to prevent or minimize any deficit, and for that purpose it may by ordinance reduce one or more appropriations.

(d) Transfer of Appropriations. At any time during the fiscal year, the Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and, upon written request by the Manager, the Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

(e) Limitations; Effective Date. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption.

SECTION 6.02. PLANNING COMMISSION.

It is intended that the Planning Commission shall serve in an advisory capacity to the Council. Any Planning Commission heretofore established shall continue to operate as though established under the provisions of the Code of West Virginia, Chapter 8, Article 24, as amended. All actions lawfully taken under prior acts are validated and continued in effect until amended or repealed by action taken under the authority of said Article. The membership of existing commissions and boards shall continue until changed by law or vote of a majority of all the members of Council.

SECTION 6.03. COMPREHENSIVE PLAN.

The adoption of a comprehensive plan by a Planning Commission under the authority of acts prior to the enactment of said Code, Chapter 8, Article 24, is validated and shall continue in effect until amended under the authority of said Article 24. In its advisory capacity, the Planning Commission shall review and make recommendations on any matter to be considered by Council which is specifically related to the comprehensive plan, including land and development regulations and the capital program provided for in Article V, Section 5.05.

SECTION 6.04. VACANCIES IN OFFICE.

The office of a member of the Planning Commission and the office of a member of the Board of Zoning Appeals shall become vacant upon his death, resignation, removal from office, or failure to attend three consecutive regular meetings without being excused by the Commission or by the Board, as the case may be, either before or after such failure of attendance.

**ARTICLE VII
NOMINATIONS AND ELECTIONS****SECTION 7.01. CITY ELECTIONS.**

(a) Regular Elections. The regular City election shall be held on the last Tuesday in April in each odd-numbered year.

(b) Qualified Voters. All citizens qualified by the constitution and laws of the State of West Virginia to vote in the City and who satisfy the requirements for registration prescribed by law shall be qualified voters of the City within the meaning of this Charter.

(c) Conduct of Elections. Except as otherwise provided by this Charter, the provisions of the general election laws of the State of West Virginia shall apply to elections held under this Charter. To the extent that is has not already done so, the Council shall adopt by ordinance all regulations which it considers desirable, consistent with law and this Charter.

SECTION 7.02. NOMINATIONS.

(a) Petitions. Any one or more qualified voters of the City may be nominated for City Council, to be elected at large, from the ward in which he resides. Such nominations shall be by separate petition each signed by seventy-five (75) or more qualified voters residing in such ward; provided however, no voter shall sign more than one nominating petition and, if a voter signs more than one, his signature shall be void except as to the first filed of the petitions signed by him. The signatures to a nominating petition need not all be affixed on one paper, but to

NOMINATING PETITION

We, the undersigned qualified voters of the City of Morgantown, hereby nominate _____, whose residence is _____, for councilmember at large for the _____ ward to be voted for at the election to be held on the _____ day of April, 19 ____; and we individually certify that we are qualified voters of the city and of the _____ ward and that we have not signed nominating petitions for any other candidates for that office.

Name	Street and Number and City	Date of signing
(spaces for signatures and required data)		

CERTIFICATE OF CIRCULATOR

The undersigned is the circulator of this petition paper, which contains _____ signatures. Each signature affixed thereto was made in my presence and is, I believe, the genuine signature of the person whose name it purports to be.

Signature of circulator _____
Address _____

Date _____

ACCEPTANCE OF NOMINATION

I hereby accept the nomination for a member of the city council and agree to serve if elected.

Signature _____
Date _____

(e) Withdrawal of Candidacy. Any candidate wishing to withdraw his or her candidacy shall notify the City Clerk in writing of the same in accordance with the requirements of general statutory law.

(f) Write-In Candidates. A write-in candidate's certificate of announcement of candidacy shall be filed with the City Clerk no later than the fourteenth day before the election, under normal circumstances. In those cases where a lone candidate for a ward Councilmember position dies, or is disqualified or removed from the ballot by a court, the deadline shall be the fifth day before the election, or the day following the occurrence of the vacancy, whichever is later.
(Added July 6, 1993.)

SECTION 7.05. WARDS, ADJUSTMENT OF WARD BOUNDARIES.

(a) Number of Wards. The territory included in the City shall be, and is hereby divided into seven wards and the number of wards shall not be increased or decreased.

(b) Ward Boundary Commission. The Council shall appoint seven qualified voters, one from each of the seven wards of the City as they exist at the time of such appointment, who shall comprise a Ward Boundary Commission. The voters chosen shall not be employed by the City in any other capacity. The appointment shall be made not later than 30 days after the commencement of each Council's term of office.

(c) Report. The Commission shall file with the City Clerk a report containing a recommended plan and a map for adjustment of ward boundaries to comply with the specifications set forth in subsection (d), which report shall be made between November 15 and November 30 of each even-numbered year.

(d) Specifications. Except as otherwise provided in Section 10.05, the ward boundaries shall be adjusted from time to time in accordance with the following specifications:

- (1) Each ward shall be formed of contiguous territory, and its boundary lines shall follow the precinct lines and the center lines of streets wherever practicable.
- (2) Each ward shall contain as nearly as practicable the same number of qualified voters, determined from the registration for the last statewide general election. This specification shall not be construed to require the adjustment of precinct boundaries or to require the sacrifice of compactness of wards for the sake of achieving equality of numbers of registered voters among the seven wards of the City. The report shall include a map and description of the boundaries of each of the wards.

ARTICLE VIII
INITIATIVE, REFERENDUM AND RECALL

SECTION 8.01. GENERAL AUTHORITY.

(a) Initiative. The qualified voters of the City shall have power to propose ordinances to the Council and, if the Council fails to adopt the ordinance so proposed without any change in substance, to adopt or reject it at a City election, provided that such power shall not extend to the budget or capital program or any ordinance relating to appropriation of money, levy of taxes or salaries of City officers or employees.

(b) Referendum. The qualified voters of the City shall have power to require reconsideration by the Council of any adopted ordinance and, if the Council fails to repeal an ordinance so reconsidered, to approve or reject it at a City election, provided that such power shall not extend to the budget or capital program or any emergency ordinance or ordinance relating to appropriation of money or levy of taxes.

(c) Recall. The qualified voters of the City shall have the power to require the holding of a special Municipal election to submit the question of the recall of an elected officer. Not more than one recall election shall be held with respect to an officer during his term of office.

SECTION 8.02. COMMENCEMENT OF PROCEEDINGS; PETITIONERS' COMMITTEE; AFFIDAVIT.

Any five qualified voters may commence initiative or referendum proceedings by filing with the City Clerk an affidavit stating that they will constitute the petitioners' committee and be responsible for circulating the petition and filing it in proper form, stating their names and addresses and specifying the address to which all notices to the committees are to be sent, and setting out in full the proposed initiative ordinance, or citing the ordinance sought to be reconsidered.

Promptly after the affidavit of the petitioners' committee is filed, the Clerk shall issue the appropriate petition blanks to the petitioners' committee.

SECTION 8.03. PETITIONS.

(a) Number of Signatures. Initiative and referendum petitions must be signed by qualified voters of the City equal in number to at least ten percent of the total number of qualified voters registered to vote at the last regular City election.

(b) Form and Content. All papers of a petition shall be uniform in size and style and shall be assembled as one instrument for filing. Each signature shall be executed in ink or indelible pencil and shall be followed by the address of the person signing. Petitions shall contain or have attached thereto throughout their circulation the full text of the ordinance proposed or sought to be reconsidered.

(c) Affidavit of Circulator. Each paper of a petition shall have attached to it when filed an affidavit executed by the circulator thereof stating that he personally circulated the paper, the number of signatures thereon, that all the signatures were affixed in his presence, that he believes them to be genuine signatures of the persons whose names they purport to be and that each signer had an opportunity before signing to read the full text of the ordinance proposed or sought to be reconsidered.

(b) Submission to Voters. The vote of the City on a proposed or referred ordinance shall be held not less than 30 days and not later than one year from the date of the final Council vote thereon. If no regular City election is to be held within the period prescribed in this subsection, the Council shall provide for a special election; otherwise, the vote shall be held at the same time as such regular election, except that the Council may in its discretion provide for a special election at an earlier date within the prescribed period. Copies of the proposed or referred ordinance shall be made available at the polls.

(c) Withdrawal of Petitions. An initiative or referendum petition may be withdrawn at any time prior to the fifteenth day preceding the day scheduled for a vote of the City by filing with the City Clerk a request for withdrawal signed by at least four members of the petitioners' committee.

Upon the filing of such request, the petition shall have no further force or effect and all proceedings thereon shall be terminated.

SECTION 8.07. POWER OF RECALL.

The qualified electors shall have the power to recall any member of Council whether elected by popular vote or selected to fill a vacancy, and may exercise such power by filing with the City Clerk a petition signed by qualified electors of the City equal in number to at least twenty percent of the registered voters at the last general Municipal election. The petition shall be signed and verified in the manner required for an initiative petition, shall contain a demand for the removal of the Councilmember or members, and shall contain a general statement of the reasons for which the removal is sought.

SECTION 8.08. ELECTION UNDER RECALL PETITION.

The City Clerk shall, in the manner hereinbefore provided for initiative and referendum petitions, certify to Council the sufficiency of the recall petition. Thereafter, Council shall cause a special election to be held in not less than forty-five days nor more than ninety days from the date of such certification. The published notice of such special election shall contain the reasons for demanding the recall in not more than two hundred words and a justification by the Councilmember within the same limits; provided, however, that if the petition seeks to recall more than one Councilmember, each Councilmember may provide a justification of not more than one hundred words. Ballots shall be in the following form:

"Shall _____ be removed
from the council of the City of Morgantown?
 For the recall of _____
 Against the recall of _____"

Upon notification by Council of the results of the election, if a majority of those voting on the question have favored recall, the office of the Councilmember so recalled shall be vacant. Provisions of this Charter with respect to general Municipal elections shall determine election procedure insofar as applicable.

SECTION 8.09. FILLING COUNCIL VACANCY CAUSED BY RECALL.

When a vacancy occurs on the result of a recall election or when a Councilmember resigns after a recall petition certified by the City Clerk to be sufficient is presented to Council, the vacancy shall be filled in accordance with the provisions of Section 2.06 of this Charter.

- (4) No person who holds any compensated appointive City position shall make, solicit or receive any contribution to the campaign funds for City elections of any political party or any candidate for City office or take any part in management, affairs or political campaign for City elections of any political party, but he may exercise his rights as a citizen to express his opinions and to cast his vote.

(b) Penalties.

- (1) Any person who by himself or with others willfully and/or knowingly violates any of the provisions of paragraphs (1) through (4) shall be guilty of a misdemeanor and upon conviction thereof shall be punishable by a fine of not more than five hundred dollars (\$500.00) or less than fifty dollars (\$50.00).
- (2) Any person convicted under this section (9.02) shall be ineligible for a period of five years thereafter to hold any City office or position and, if an officer or employee of the City, shall immediately forfeit his office or position.

SECTION 9.03. CHARTER AMENDMENTS.

Amendments to this Charter shall be framed and adopted in the manner provided by law.

SECTION 9.04. SEPARABILITY.

If any provision of this Charter is held invalid, the other provisions of the Charter shall not be affected thereby. If the application of the Charter or any of its provisions to any person or circumstance is held invalid, the application of the Charter and its provisions to other persons or circumstances shall not be affected thereby.

SECTION 9.05. OATHS.

Every person elected or appointed to any office, before proceeding to exercise the authority, or discharge the duties thereof, shall take the oath or affirmation prescribed by the Constitution of this State.

**ARTICLE X
TRANSITIONAL PROVISIONS**

SECTION 10.01. OFFICERS AND EMPLOYEES.

(a) Rights and Privileges Preserved. Except as otherwise specifically provided in this Charter, nothing shall impair the rights or privileges of persons who are City officers or employees at the time of its adoption.

(b) Continuance of Office or Employment. Except as specifically provided by this Charter, if at the time this Charter takes full effect a City administrative officer or employee holds any office or position which is or can be abolished by or under this Charter, he shall continue in such office or position until the taking effect of some specific provision under this Charter directing that he vacate the office or position. An employee holding a City position at the time this Charter takes full effect, who was serving in that same or comparable position at the time of its adoption, shall not be subject to competitive tests as a condition of continuance in the same position.

(b) Term of First Council. The terms of the Councilmembers elected at the said first election shall commence on the day following certification or approval of the said election results by the then existing Council and shall expire on June 30 of the first odd-numbered year following the effective date of this Charter.

(c) Expiration of Terms of Councilmembers Elected Under Provisions of Previous Charter. The office of any Councilmember elected under the provisions of the previous Charter at the regular City election held thereunder on the first Tuesday of June immediately preceding the effective date of this Charter (July 1), is hereby abolished, and no person so elected shall assume the office of Councilmember.

On the effective date of this Charter (July 1) Councilmembers who are commencing the second year of a term under the provisions of the previous Charter shall continue in office only until their successors are elected under the provisions of subsection (a) hereof, and have qualified for such office, and they shall exercise such powers and duties, express or implied, as are imposed upon them by this Charter for the conduct of the first election under this Charter.

CHAPTER THREE - Legislative
Art. 121. Council.

ARTICLE 121
Council

	GENERAL PROVISIONS		
121.01	Membership attendance.	121.16	Statement of questions.
121.02	Term and compensation of Councilmanic appointees.	121.17	Call for the previous question.
		121.18	Call for division of the question.
121.03	Councilperson not to be bond surety.	121.19	Call for the ayes and noes.
	RULES OF PROCEDURE	121.20	Recordation of member's proceedings.
121.04	Order of procedure.	121.21	Members not to withdraw.
121.05	Suspension or change.	121.22	Procedure in absence of quorum.
121.06	Reading of minutes of preceding meeting.	121.23	Business laid upon the table.
121.07	Presiding officer; vote; authentication of legislation.	121.24	Applicability of Robert's Rules of Order.
121.08	Decorum during debate.		SPECIAL COMMITTEES
121.09	Calling member to order.	121.25	General provisions.
121.10	Deciding questions of order.	121.26	Agenda; report to Council.
121.11	Voting.	121.27	Mayor as ex officio member.
121.12	Consent calendar.	121.28	Meetings.
121.13	Reducing motion to writing.	121.29	Quorum.
121.14	Motion before Council; withdrawing motion.	121.30	Powers.
121.15	Precedence of motions.	121.31	Rules of procedure.
		121.32	Unfinished business.
		121.33	Removal of officers and members.

CROSS REFERENCES

General provisions - see CHTR. Art. II
 Council action on budget - see CHTR. Sec. 5.06
 Council action on capital program - see CHTR. Sec. 5.07
 Nominations and elections - see CHTR. Art. VII
 Recall - see CHTR. Sec. 8.01
 Personal financial conflict - see CHTR. Sec. 9.01 et seq.
 Open meetings - see W. Va. Code Art. 6-9A
 Smoking prohibited in chambers - see FIRE PREV. 1505.02

GENERAL PROVISIONS

121.01 MEMBERSHIP ATTENDANCE.

Whenever at the time appointed for the meeting of Council, either in regular or special session, a quorum shall not be present, it shall be lawful for any three members who may be in attendance to order the Chief of Police or any policeman to arrest the absent members, or any of them, and cause them to appear forthwith at the place of meeting and there to remain until the meeting shall adjourn or their further attendance is excused. An order for bringing in an absent member shall be issued and signed by the Mayor or, in his absence, by the City Clerk, or in the absence of both, by three members of Council. The same shall be in form and effect as follows:

State of West Virginia:

To the Chief of Police, or any Policeman, of the City of Morgantown:

You are hereby commanded to take into custody _____
Member of Council of the City, and bring him forthwith to the Council
Chamber to attend a meeting of such Council called according to law.

(1967 Code Sec. 2-8.)

_____, Mayor

121.02 TERM AND COMPENSATION OF COUNCILMANIC APPOINTEES.

All appointees of Council shall hold office at the pleasure of Council and receive compensation therefor as Council may determine.
(1967 Code Sec. 2-11.)

121.03 COUNCILPERSON NOT TO BE BOND SURETY.

No member of Council shall be accepted or approved by Council as surety on any official bond required by law, or any provision of the City Code or other ordinance of the City, for any officer of the City.
(1967 Code Sec. 2-13.)

121.04 ORDER OF PROCEDURE.

The order of procedure for regular meetings of Council shall be as follows:

- (a) Call Council to order - Mayor.
- (b) Roll call by City Clerk.
- (c) Pledge to the Flag.
- (d) Approval of minutes.
- (e) Correspondence.
- (f) Unfinished business.
- (g) Public portion which shall be subject to rules established by Council and adopted by resolution.
- (h) Special committee reports.
- (i) New business.
- (j) City Manager's report.
- (k) Report from City Clerk.
- (l) Report from City Attorney.
- (m) Report from Council members.
- (n) Adjournment. (Ord. 91-20. Passed 9-16-91.)

121.05 SUSPENSION OR CHANGE.

The order of procedure prescribed by Section 121.04 may be suspended or changed, at any meeting for that time only, by the vote of a majority of the members present. (1967 Code Sec. 2-15.)

121.06 READING OF MINUTES OF PRECEDING MEETING.

At each meeting the journal of the preceding meeting shall be approved and attested by the City Clerk. (1967 Code Sec. 2-16.)

121.07 PRESIDING OFFICER; VOTE; AUTHENTICATION OF LEGISLATION.

(a) The presiding officer shall preserve order and decorum in Council and conduct its meetings in accordance with rules of parliamentary law and as herein provided, but the Mayor or Deputy Mayor shall be entitled to vote as a member of Council.

(b) The Mayor or Deputy Mayor, shall have no veto power over any action taken by a majority of Council. The Mayor shall authenticate, by his signature, when necessary, all the acts, orders and proceedings of Council declaring its will, in all things obeying its commands and the Deputy Mayor shall authenticate by his signature any such act, order, ordinance or resolution adopted by Council when the Mayor fails to do so. (Ord. 5-25-76.)

121.08 DECORUM DURING DEBATE.

(a) No dilatory motion shall be entertained.

(b) No one shall interrupt a member who has the floor except to call a point of order if he is transgressing the rules or request the speaker to yield the floor.

(c) When a member is speaking, no one shall engage in conversation or pass between the speaker and the presiding officer.

(d) No member shall speak more than twice on any question until all members have had an opportunity to speak. Council may, by majority vote, limit the time of debate for each member or total debate period on any question.

(e) No member shall obstruct any of Council's proceeding, or make an assault or threat, or abuse any member for words spoken in debate.

(f) No member shall refuse to obey a proper and lawful order of the Mayor or Deputy Mayor, subject to Council's determination of the priority or legality of such order.

(g) When any member persistently transgresses any of the provisions set forth in this section, after notice thereof, the presiding officer, subject to appeal of such ruling, may discipline the member by reprimand, or exclude the member from participating any further on the motion, matter or issue before Council. (Ord. 5-25-76.)

121.09 CALLING MEMBER TO ORDER.

If any member transgresses the rules of Council, the Mayor shall, or any member may, call him to order; in which case the member called to order shall immediately sit down and be silent, unless permitted by Council to explain, and Council, if appealed to, shall decide the matter. (1967 Code Sec. 2-18.)

121.10 DECIDING QUESTIONS OF ORDER.

All questions of order shall be decided by the Mayor, or the person acting instead of the Mayor, subject to an appeal of Council; and an appeal from the decision of the Mayor, or person acting instead of the Mayor, upon a question of order, shall be allowed to be put only upon the demand of a member besides the appellant. The question upon an appeal shall be put in the following form: "Shall the decision of the chair be sustained?" (1967 Code Sec. 2-19.)

121.11 VOTING.

The Mayor shall vote only as a member of Council and in case of a tie the motion shall fail. Every member of Council present, when a question is put, shall vote unless he is interested therein other than as a resident of the City, or unless Council, for special reason, shall excuse him. (1967 Code Sec. 2-20.)

121.12 CONSENT CALENDAR.

(a) When the City Manager determines that any item of business requires action by Council, but is of a routine and noncontroversial nature, he may cause such item to be presented at a regular meeting of Council as part of a consent calendar.

(b) The consent calendar shall be introduced by a motion "To approve the consent calendar", and shall be considered by Council as a single item.

(c) There shall be no debate or discussion by any member of Council regarding any item on the consent calendar, beyond asking questions for simple clarification.

(d) All items on the consent calendar which require public hearings shall be open for hearing simultaneously, and the Mayor shall announce, or direct the City Clerk to announce, the titles of all such items.

(e) On objection by any member of Council to inclusion of any item on the consent calendar, that item shall be removed from the consent calendar forthwith. Such objection may be recorded at any time prior to the taking of a vote on the motion to approve the consent calendar. All such items shall be considered individually, in the order in which they were objected to, immediately following consideration of the consent calendar.

(f) Approval of the motion to approve the consent calendar shall be fully equivalent to approval, adoption or enactment of each motion, resolution, ordinance or other item of business thereon, exactly as if each had been acted upon individually. (Ord. 10-3-78.)

121.13 REDUCING MOTION TO WRITING.

Every motion or other matter introduced before Council shall be reduced to writing, if the presiding officer or any member of Council requires it; but while the motion or other matter is being reduced to writing other business may be proceeded with. (1967 Code Sec. 2-21.)

121.14 MOTION BEFORE COUNCIL; WITHDRAWING MOTION.

When a motion is made and seconded, and stated by the Mayor, or presiding officer, or being in writing, read by the City Clerk, it shall be deemed before Council; such motion may be withdrawn at any time before a final vote, by the consent of Council. (1967 Code Sec. 2-23.)

121.15 PRECEDENCE OF MOTIONS.

When a question is before Council, no motion shall be entertained unless to amend, postpone or commit the original question or to adjourn and a motion to adjourn shall always be in order unless Council is engaged in voting. A motion to adjourn or lay on the table shall be decided without debate; and an ordinance or resolution after commitment and report may be recommitted at any time previous to its final passage. (1967 Code Sec. 2-24.)

121.16 STATEMENT OF QUESTIONS.

All questions shall be put in the following form: "As many as are in favor of the motion, say aye; contrary no", and in doubtful cases the Mayor, or presiding officer, may direct, or any member may call for, a division. (1967 Code Sec. 2-25.)

121.17 CALL FOR THE PREVIOUS QUESTION.

The call for the previous question shall be put in the following manner: "Shall the original question be put?" The call shall be recognized only upon demand of two members of Council, and, until decided, shall preclude all amendments or debate on the main question. (1967 Code Sec. 2-26.)

121.18 CALL FOR DIVISION OF THE QUESTION.

Any member of Council may call for a division of the question where the same will admit thereof. (1967 Code Sec. 2-27.)

121.19 CALL FOR THE AYES AND NOES.

The ayes and noes shall be taken and recorded upon any question upon the demand of any member of Council, but such call shall not preclude amendments or debate before the original question is put. (1967 Code Sec. 2-28.)

121.20 RECORDATION OF MEMBER'S PROTEST.

Any member of Council shall have the right to protest against any order, or resolution, of Council which he may think injurious to the public interest, and have the reasons for his protest entered upon the journal; but such protest shall not exceed fifty words in length. (1967 Code Sec. 2-29.)

121.21 MEMBERS NOT TO WITHDRAW.

No member of Council shall leave a meeting without the permission of the Mayor or presiding officer. (1967 Code Sec. 2-32.)

121.22 PROCEDURE IN ABSENCE OF QUORUM.

When more than two, and less than a quorum, of the members of Council have assembled at the time appointed for a meeting thereof, it shall be lawful for them to adjourn to a subsequent time and cause the Chief of Police or other police officer to give notice to the absent members of the time to which adjournment has been made, requiring their attendance to such adjourned meeting, and the same proceedings may be had to compel the attendance of any member at such adjourned meeting as if the same was a regular or special meeting. (1967 Code Sec. 2-33.)

121.23 BUSINESS LAID UPON THE TABLE.

All business brought before Council by motion, resolution or in any other manner, and laid upon the table shall be considered as finally disposed of, unless taken from the table by order of Council, within sixty days following the meeting at which it was tabled. (1967 Code Sec. 2-34.)

121.24 APPLICABILITY OF ROBERT'S RULES OF ORDER.

Robert's Rules of Order shall govern the proceedings of Council except as otherwise specifically provided by this article or by ordinance. (1967 Code Sec. 2-35.)

SPECIAL COMMITTEES**121.25 GENERAL PROVISIONS.**

The Mayor or presiding officer of Council or a majority of the members of Council present at any meeting may appoint a special committee at any time for any purpose. The person or body appointing such special committee shall designate the subject or matter upon which such special committee shall make investigation and report to Council. Any special committee shall consist of such number of members as the appointing agency shall direct. The member first appointed on a special committee shall be the chairman thereof and the person second appointed shall be the vice chairman of such special committee. (1967 Code Sec. 2-45.)

121.26 AGENDA; REPORT TO COUNCIL.

The chairman shall determine the agenda of any special committee meeting. He shall preside at all meetings of the committee and make its reports and findings to Council. In the absence of the chairman, the vice chairman shall perform like duties. (1967 Code Sec. 2-37.)

121.27 MAYOR AS EX OFFICIO MEMBER.

The Mayor shall be ex officio a member of each special committee of Council, and may attend all of the meetings of the same and participate in the deliberations thereof. (1967 Code Sec. 2-38.)

121.28 MEETINGS.

(a) The meetings of any committee of Council may be convened upon the call of the chairman of such committee, or in his absence the vice chairman, or upon the request in writing of any two members of the committee. (1967 Code Sec. 2-39.)

(b) All Council committee meetings shall be announced in advance on Council floor, or by notifying all those members that can be reached, giving the agenda, date, time and place of each meeting, provided, however, should any committee find it necessary to call an emergency meeting, then the circumstances justifying such emergency meeting shall be indicated in that committee's report to Council irrespective of whether such committee reports on the matters discussed or business transacted at such emergency meeting. (Ord. 5-27-75.)

121.29 QUORUM.

A majority of the whole membership of any committee of Council shall constitute a quorum for the transaction of the business of such committee. (1967 Code Sec. 2-40.)

121.30 POWERS.

Every committee of Council shall have the right to request information through the City Manager from any department of the City and subject to the limitation imposed by Section 2.05(d) of the City Charter, shall have the right to summon before it or have in attendance at any of its meetings any officer, agent or employee of the City. It shall have the right to subpoena witnesses, to hold hearings, hear testimony or evidence, and do all other things proper or necessary in the investigation of any matter pending before such committee. (1967 Code Sec. 2-41.)

121.31 RULES OF PROCEDURE.

Robert's Rules of Order shall govern the proceedings and deliberations of all of the committees of Council except as otherwise specifically provided by this article. (1967 Code Sec. 2-42.)

121.32 UNFINISHED BUSINESS.

Any matter pending before any committee of Council at the end of the councilmanic year on the thirtieth day of June may be acted upon by the committee before which it was pending upon that date and the members of all committees shall continue in office until their successors qualify. Any matter pending and not disposed of by the expiring committee shall be transferred to the agenda of the new committee immediately upon its appointment by the Mayor. (1967 Code Sec. 2-43.)

121.33 REMOVAL OF OFFICERS AND MEMBERS.

The Mayor may remove and replace the chairman, vice chairman or any member of any committee of Council at any time. (1967 Code Sec. 2-44.)

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Ron Justice do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Mayor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

Ron Justice

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Luttis
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Don Spencer do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Councilor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

Don Spencer

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Luttis
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Sim Menitz do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Councilor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

Sim Menitz

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Luttis
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Ron Bane do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Councilor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

[Signature]

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Lott
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, JIM MANIACA do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Deputy Mayor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

[Signature]

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Lott
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Teresa Miller do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Atty Councilor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

[Signature]

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Lott
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Ron Justice do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Councilor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

Ron Justice
x _____

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Latta
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Bill Byrne do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Councilor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

Bill Byrne
x _____

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Latta
Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Frank Scatell do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia and the Charter of the City of Morgantown, and that I will faithfully and impartially perform the duties of the office of Councilor for the City of Morgantown so long as I shall continue therein to the best of my skill and judgement.

Frank Scatell
x _____
Councilor

Subscribed and sworn to before me by _____
this 5th day of July, 2005.

Linda L. Latta
Clerk of the City of Morgantown

AN ORDINANCE AMENDING ARTICLE 927.01 OF THE MORGANTOWN CITY CODE AND SETTING FEES AND CHARGES FOR THE PROVISION OF WATER SERVICE.

WHEREAS, the City Council of the City of Morgantown enacted a prior amending ordinance on June 15, 2004, setting fees and charges for water service; and,

WHEREAS, following enactment of this earlier ordinance, and in accordance with West Virginia Code §24-2-4b, the West Virginia Public Service Commission exercised its jurisdiction over rates and fees charged for water service, thereby canceling the earlier enacted ordinance; and,

WHEREAS, following public hearing, investigation and negotiation, the West Virginia Public Service Commission has ordered that the following rates and charges are reasonable, nondiscriminatory and primarily based upon costs; and,

WHEREAS, the Public Service Commission has ordered that these rates and charges be effective as of September 28, 2005.

NOW THEREFORE, the City of Morgantown hereby amends Article 927.01 of the Morgantown City Code and ordains that:

SCHEDULE NO. 1

(a) APPLICABILITY

Applicable in entire territory served (except for the former Laurel Point Public Service District service area as provided in Schedule 6 and the former Cheat Neck Public Service District service area as provided in Schedule 7 and the former Pounds Hollow Water Association service area as provided in Schedule 8). Effective for bills rendered on or after September 28, 2005.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE

Gallons Used Per Month	Rate Per 1,000 Gallons
First 2,000	\$2.09
Next 8,000	\$1.54
Next 20,000	\$1.54
Next 30,000	\$1.54
All Over 60,000	\$1.14

SCHEDULE NO. 1(Continued)

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit:

Meter (inches)	Rate Per Month
5/8 inch or less	\$ 4.18
3/4 inch	6.30
1 inch	10.45
1½ inch	20.90
2 inch	33.45
3 inch	62.70
4 inch	104.50
6 inch	209.00
8 inch	334.40

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of three hundred fifty dollars (\$350.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 2

(a) APPLICABILITY

Applicable in entire territory served (except for the former Laurel Point Public Service District service area as provided in Schedule 6, and the former Cheat Neck Public Service District service area as provided in Schedule 7 and the former Pounds Hollow Water Association service area as provided in Schedule 8). Effective for bills rendered on or after September 28, 2005.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE

Gallons Used Per quarter	Rate Per 1,000 Gallons
First 6,000	\$2.09
Next 24,000	\$1.54
Next 60,000	\$1.54
Next 90,000	\$1.54
All Over 180,000	\$1.14

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to wit:

Meter (inches)	Rate Per (Quarter)
5/8 inch or less	\$ 12.54
3/4 inch	18.90
1 inch	31.35
1½ inch	62.70
2 inch	100.35
3 inch	188.10
4 inch	313.50
6 inch	627.00
8 inch	1,003.20

SCHEDULE NO. 2 (Continued)

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of three hundred fifty dollars (\$350.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 3

APPLICABILITY

Applicable in the City of Morgantown.

AVAILABILITY OF SERVICE

Available for service to public fire hydrants.

RATE

The City of Morgantown shall pay as a public fire charge at the rate of \$100.00 per hydrant per annum, payable in twelve equal monthly installments. This charge covers all water system facilities existing at Morgantown, West Virginia which are used in whole or in part for public fire service.

SCHEDULE NO. 4

APPLICABILITY

Applicable in the municipalities served by the Board excluding the City of Morgantown.

AVAILABILITY OF SERVICE

Available for service to public fire hydrants.

RATE

Any municipality shall pay as a public fire charge at the rate of \$100.00 per hydrant per annum, payable in twelve equal monthly installments. This charge covers all water system facilities existing in any municipality which are used in whole or in part for public fire service.

SCHEDULE NO. 5

APPLICABILITY

Applicable in entire territory served (except municipalities).

AVAILABILITY OF SERVICE

Available for service to private fire protection facilities.

RATE

Fire Hydrants, each	\$ 145.00
Sprinkler Heads, 3½ or less	145.00
Sprinkler Heads, each additional	.52
Hose Connections, for fire use only:	
2½ inch openings, each	\$ 84.50
2 inch openings, each	44.20
1½ inch openings, each	24.25
1¼ inch openings, each	16.00
1 inch openings, each	10.00

MINIMUM CHARGE

One hundred forty-five dollars (\$145.00) per annum.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TERMS AND CONDITIONS OF SERVICE

Charges for service rendered under this schedule are billed quarterly in arrears, and bills are payable on or before the twentieth (20th) day following the date rendered.

SCHEDULE NO. 6

APPLICABILITY

Applicable in entire territory heretofore designated by the Monongalia County Commission as the Laurel Point Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE

First	2,000 gal per month or	6,000 gal per quarter	\$ 1.93 per 1,000
Next	8,000 gal per month or	24,000 gal per quarter	1.65 per 1,000
Next	20,000 gal per month or	60,000 gal per quarter	1.54 per 1,000
Next	30,000 gal per month or	90,000 gal per quarter	1.45 per 1,000
All Over	60,000 gal per month or	180,000 gal per quarter	1.34 per 1,000

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed:

5/8 inch meter	\$ 11.58 per quarter
1 inch meter	29.64 per quarter
1½ inch meter	66.70 per quarter
2 inch meter	118.58 per quarter
3 inch meter	266.80 per quarter
4 inch meter	474.32 per quarter
6 inch meter	1,067.21 per quarter
8 inch meter	1,897.27 per quarter

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of three hundred fifty dollars (\$350.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

SCHEDULE NO. 6 (Continued)

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violation of rules, nonpayment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 7

APPLICABILITY

Applicable in entire territory heretofore designated by the Monongalia County Commission as the Check Neck Public Service District.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATE

First	2,000 gal per month or	6,000 gal per quarter	\$ 3.87 per 1,000
Next	8,000 gal per month or	24,000 gal per quarter	3.59 per 1,000
Next	20,000 gal per month or	60,000 gal per quarter	3.48 per 1,000
Next	30,000 gal per month or	90,000 gal per quarter	3.39 per 1,000
All Over	60,000 gal per month or	180,000 gal per quarter	3.29 per 1,000

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed:

5/8 inch meter	7.74 per month or	\$ 23.22 per quarter
3/4 inch meter	11.15 per month or	33.45 per quarter
1 inch meter	19.81 per month or	59.43 per quarter
1½ inch meter	44.58 per month or	133.74 per quarter
2 inch meter	79.26 per month or	237.73 per quarter
3 inch meter	178.33 per month or	534.99 per quarter
4 inch meter	317.03 per month or	951.09 per quarter
6 inch meter	713.32 per month or	2,139.96 per quarter

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of three hundred fifty dollars (\$350.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

SCHEDULE NO. 7 (Continued)

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 8

APPLICABILITY

Applicable in entire territory heretofore designated as the Pounds Hollow Water Association.

AVAILABILITY OF SERVICE

Available for water utility service.

RATE

First	6,000 gallons used per month	\$ 3.66 per 1,000 gallons
Next	4,000 gallons used per month	3.30 per 1,000 gallons
Next	10,000 gallons used per month	3.00 per 1,000 gallons
All Over	20,000 gallons used per month	1.84 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than the following amount: \$21.96 bi-monthly

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

TAP FEE (3/4 inch or larger)

The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of three hundred fifty dollars (\$350.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

SCHEDULE NO. 8(Continued)

RECONNECTION CHARGE

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

LEAK ADJUSTMENT

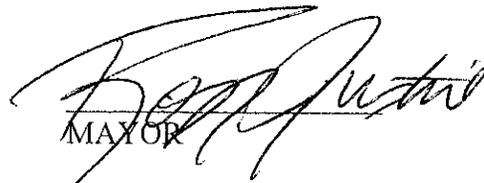
\$0.173 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

The rates and charges set out herein will become effective for service provided on or after September 28, 2005.

ADOPTED: December 20, 2005

FILED: December 21, 2005

RECORDED: December 21, 2005


MAYOR


CITY CLERK

AN ORDINANCE AMENDING ARTICLE 925.03 OF THE MORGANTOWN CITY CODE AND SETTING FEES AND CHARGES FOR THE PROVISION OF SEWER SERVICE.

WHEREAS, the City Council of the City of Morgantown enacted a prior amending ordinance on June 15, 2004, setting fees and charges for sewer service; and,

WHEREAS, following enactment of this earlier ordinance, and in accordance with West Virginia Code §24-2-4b, the West Virginia Public Service Commission exercised its jurisdiction over rates and fees charged for sewer service, thereby canceling the earlier enacted ordinance; and,

WHEREAS, following public hearing, investigation and negotiation, the West Virginia Public Service Commission has ordered that the following rates and charges are reasonable, nondiscriminatory and primarily based upon costs; and,

WHEREAS, the Public Service Commission has ordered that these rates and charges be effective as of September 28, 2005.

NOW THEREFORE, the City of Morgantown hereby amends Article 925.03 of the Morgantown City Code and ordains that:

SCHEDULE NO. 1

(a) Applicable to entire territory served, except that served by Cheat Lake Wastewater Treatment Plant. Effective for bills rendered on or after September 28, 2005.

(1) Availability of service. Available for sanitary sewer service.

(2) Rate. Based upon the metered amount of water supplied.

Gallons Used

First 2,000 per month or 6,000 per quarter	\$ 3.35 per 1,000 gallons
Next 8,000 per month or 24,000 per quarter	\$ 2.85 per 1,000 gallons
Next 20,000 per month or 60,000 per quarter	\$ 2.85 per 1,000 gallons
Next 30,000 per month or 90,000 per quarter	\$ 2.85 per 1,000 gallons
Next 60,000 per month or 180,000 per quarter	\$ 2.78 per 1,000 gallons

SCHEDULE NO. 1 (Continued)

(3) Minimum Charge.

- | | |
|----------------|---------|
| A. Per month | \$ 6.70 |
| B. Per quarter | \$20.10 |

(4) Tap Fee

The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customers premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of three hundred fifty dollars (\$350.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

(5) Delayed Payment Penalty

The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

(6) Reconnection Charge

A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violation of rules, nonpayment of bills, or fraudulent use of water. No such charge shall be assessed if the customer has paid a water reconnection charge for the same reconnection.

SCHEDULE NO. 2

(c) Applicable to territory served by Cheat Lake Wastewater Treatment Plant.

- (1) Availability of service. Available for sanitary sewer service.
- (2) Rate. Based upon the metered amount of water supplied.

Gallons Used

First 2,000 per month or 6,000 per quarter	\$ 8.75	per 1,000 gallons
Next 8,000 per month or 24,000 per quarter	\$ 8.00	per 1,000 gallons
Next 20,000 per month or 60,000 per quarter	\$ 7.50	per 1,000 gallons
Next 30,000 per month or 90,000 per quarter	\$ 7.00	per 1,000 gallons
Next 940,000 per month or 2,820,000 per quarter	\$ 6.00	per 1,000 gallons
Next 1,000,000 per month or 3,000,000 per quarter	\$ 5.50	per 1,000 gallons

(3) Minimum Charge.

- C. Per month \$ 17.50
- D. Per quarter \$ 52.50

(4) Service Connection Charge

A fee of three hundred fifty dollars (\$350.00) will be charged for new customers connecting to the sewerage system.

(5) Delayed Payment Penalty

The above tariff is net. On all current usage billings not paid in full when due, three percent (3%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

SCHEDULE NO. 3

APPLICABILITY

Applicable to territory served.

AVAILABILITY

Available for sanitary sewer service to other systems.

RATE

All wastewater from other systems will be treated at the approved rate of \$0.979 per 1,000 gallons.

SURCHARGE

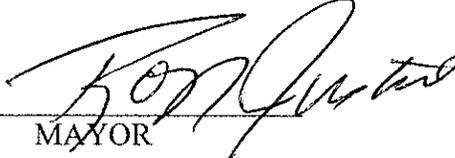
\$(0.67) per 1,000 gallons of wastewater treated from Scotts Run Public Service District until the contribution related to plant capital costs is refunded; the amount of the credit to Scotts Run Public Service District will be debited to Contributions in Aid of Construction.

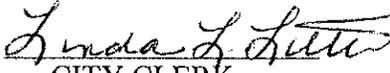
The rates and charges set out herein will become effective for all sewage delivered into the system on or after September 28, 2005.

ADOPTED: December 20, 2005

FILED: December 21, 2005

RECORDED: December 21, 2005


MAYOR


CITY CLERK

Journal of the Common Council, City of Morgantown, W. Va.

REGULAR MEETING-DECEMBER 20, 2005:

The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Tuesday, December 20, 2005, at 7:30 P.M.

PRESENT: Mayor Ron Justice, City Manager Dan Boroff, City Clerk Linda Little, City Attorney Steve Fanok, Assistant City Manager Jeff Mikorski, and Council Members Ron Bane, Jim Manilla, Teresa Miller, Bill Byrne, Don Spencer. (Frank Scafella Absent.)

The meeting was called to order by the Mayor.

APPROVAL OF MINUTES: Minutes from the regular meeting on December 6, 2005, were approved as amended.

CORRESPONDENCE:

Governor Manchin's proclamation for USS West Virginia Day was read by Veterans Post 548. Mayor Justice summarized the MHS Championship Day proclamation and observed there will not be an MPO meeting.

PUBLIC HEARING:

PUBLIC HEARING - AN ORDINANCE AMENDING WATER SERVICE FEES AND CHARGES:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

PUBLIC HEARING - AN ORDINANCE AMENDING SEWER SERVICE FEES AND CHARGES:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

PUBLIC HEARING - AN ORDINANCE AUTHORIZING A LEASE WITH ASSOCIATED PRESS FOR OFFICE SPACE AT THE AIRPORT:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

UNFINISHED BUSINESS:

AN ORDINANCE AMENDING WATER SERVICE FEES AND CHARGES: The following entitled Ordinance was presented for second reading.

AN ORDINANCE AMENDING ARTICLE 927.01 OF THE MORGANTOWN CITY CODE AND SETTING FEES AND CHARGES FOR THE PROVISION OF WATER SERVICE.

After discussion, motion by Byrne, second by Bane, to adopt the above Ordinance. Motion carried 5-1. (Spencer voted NO, Scafella Absent.)

AN ORDINANCE AMENDING SEWER SERVICE FEES AND CHARGES: The following entitled Ordinance was presented for second reading.

AN ORDINANCE AMENDING ARTICLE 925.03 OF THE MORGANTOWN CITY CODE AND SETTING FEES AND CHARGES FOR THE PROVISION OF SEWER SERVICE.

Motion by Miller, second by Byrne, to adopt the above Ordinance. Motion carried 5-1. (Spencer voted NO, Scafella Absent.)

AN ORDINANCE AUTHORIZING A LEASE WITH ASSOCIATED PRESS FOR OFFICE SPACE AT THE AIRPORT: The following entitled Ordinance was presented for second reading.

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN (LESSOR) AND THE ASSOCIATED PRESS (LESSEE) AS IT PERTAINS TO THE ASSOCIATED PRESS LEASING OFFICE SPACE AT THE MORGANTOWN MUNICIPAL AIRPORT.

Motion by Miller, second by Byrne, to adopt the above Ordinance. Motion carried 6-0. (Scafella Absent.)

BOARDS AND COMMISSIONS:

There was no business.

PUBLIC PORTION:

There being no appearances or objections, Mayor Justice declared this public portion closed.

SPECIAL COMMITTEE REPORTS:

Mayor Justice gave an update on the Solid Waste Task Force.

NEW BUSINESS:

AN ORDINANCE LEASING AREAS OF THE METROPOLITAN THEATER TO WILLIAM A. BONFILI FOR BILLIARD PARLOR PURPOSES: The following entitled Ordinance was presented for Council's approval.

AN ORDINANCE PROVIDING FOR LEASING TO WILLIAM A. BONFILI BY THE CITY OF MORGANTOWN CERTAIN AREAS AND FACILITIES AT THE METROPOLITAN THEATRE FOR BILLIARD PARLOR PURPOSES.

Removed from the agenda for legal purposes.

AN ORDINANCE AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF WESTOVER FOR 2006 STREET PAVING: The following entitled Ordinance was presented for Council's approval.

AN ORDINANCE, BY THE CITY OF MORGANTOWN, AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN IT AND THE CITY OF WESTOVER, AS THE SAME APPLIES TO ACQUISITION OF STREET RESURFACING MATERIALS AND CONTRACTING WHO WILL PREPARE FOR AND PLACE THE SAME IN BOTH MUNICIPALITIES DURING 2006.

After explanation by the City Manager, motion by Miller, second by Bane, to pass the above Ordinance to second reading. Motion carried 6-0. (Scafella Absent.)

AN ORDINANCE AMENDING THE FY 2005-2006 ANNUAL BUDGET AS APPLIES TO THE GENERAL FUND.

AN ORDINANCE AMENDING THE FY 2005-2006 ANNUAL BUDGET OF THE CITY OF MORGANTOWN AS SHOWN IN THE REVISED BUDGET ATTACHED HERETO AND MADE A PART OF THIS ORDINANCE AS THE SAME APPLIES TO THE GENERAL FUND.

After explanation by the City Manager, motion by Spencer, second by Bane, to pass the above Ordinance to second reading. Motion carried 6-0. (Scafella Absent.)

CONSIDERATION OF APPROVAL OF A RESOLUTION APPLYING FOR A \$10,000 GRANT FOR MAIN STREET MORGANTOWN TO PROMOTE THE DOWNTOWN WALKING TOUR: The above entitled Resolution was presented for Council's approval.

Motion by Byrne, second by Spencer, to approve the above Resolution. Motion carried 6-0. (Scafella Absent.)

CITY MANAGERS REPORT:INFORMATION:Item No. 1:

Over the past several years, Council has effected a number of small, incremental changes to the City's self-insured health program and promoted an aggressive wellness program. As a result of these initiatives and improved claims history, the City will enjoy a significant rate reduction for the next calendar year. Attached you will find a memo reporting the 10% reduction for that time period and a \$301,997 General Fund savings for the balance of this fiscal year. This savings is included in the budget amendment that is part of your current agenda.

NEW BUSINESS:Item No. 1:

Attached you will find a memo from the Finance Director with copies of the Annual Reports for the fiscal year ended June 30, 2005 for the Morgantown Police and Fire Pension Funds, as required by State law. Given the Finance Director's comments, I recommend that the reports be approved and sent to the WV Treasurer's Office.

Motion by Bane, second by Manilla, to approve the Pension Funds Reports. Motion carried 6-0. (Scafella Absent.)

Item No. 2:

This time each year Council sets the schedule to adopt the City's budget documents for the new fiscal year as per State requirements. To meet these conditions and as per your direction, I recommend the following schedule be adopted:

- January 31, 2006: Council reviews the current year goals; establishes City goals and objectives for the new fiscal year; and delivers budget guidance to the City Manager.
- February 21, 2006: During the regular Council meeting, the City Manager presents the proposed budgets for 2006-2007.
- March 7, 2006: First Reading of the Budget Ordinance.
- March 21, 2006: Public Hearing and Second Reading of the Budget Ordinance.
- March 22, 2006: The Budget is forwarded to the State Tax Office.

Special Note: Budget Conference Meetings may be scheduled after the proposed Budget is presented.

By acclamation, Council approved the budget schedule.

Item No. 3:

The second attachment is also a memo from the Finance Director regarding Health Plan Renewal Rates. The City currently provides health insurance to all employees and their families after they have worked for six months with the City. Although this may have been a sound requirement when adopted, it is no longer a realistic policy given the cost of this insurance today. The City's objective is to attract the brightest and best employees it can and this policy significantly thwarts that goal. Based upon this consideration, I recommend that health insurance be given to all recent hires and the policy be terminated (health insurance will be granted on the date of employment).

After discussion, motion by Miller, second by Byrne, to add new employees after one month. Motion carried 6-0. (Scafella Absent.)

CITY CLERK'S REPORT:

Happy Holidays.

CITY ATTORNEY'S REPORT:

No Report.

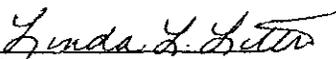
Journal of the Common Council, City of Morgantown, W. Va.

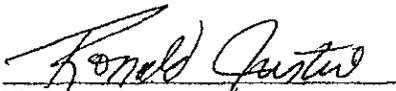
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REPORT FROM COUNCIL MEMBERS:

- Councilor Bane: Councilor Bane said Happy Holidays.
- Councilor Manilla: Councilor Manilla questioned lack of code enforcement fines and the dollar amount of fines.
City Manager Boroff observed the judge's discretion for imposing fines.
- Councilor Scafella: Absent.
- Councilor Miller: Councilor Miller asked for clarification of the power company removing debris from power lines and ResponsePartner replies. Happy Holidays.
- Councilor Byrne: Councilor Byrne discussed a Housing Authority program and NLC University Caucus issues; commented on Jim Hunt as President; and wished Merry Christmas and Happy Holidays.
- Councilor Spencer: Councilor Spencer remarked on the information at the NLC Convention; spoke of the traffic signal at Aspen and Collins Ferry and speed reduction; discussed Municipal Legislative Committee issues, the lack of code enforcement fines, concerns with Hot Spot advertising, and community priorities and the budget. Happy Holidays and a great New Year.
City Manager Boroff stated they have twenty days to correct code infractions.
- Mayor Justice: Mayor Justice advised of future meetings and events; thanked the Humane Society for cookies, the Senior Center for the luncheon, the people of Morgantown for sharing; and confirmed Council's availability for the January 3rd meeting.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 8:20 p.m.


City Clerk


Mayor

*A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.

ON FILE WITH ISSUER

PUBLISHER'S CERTIFICATE

VS.

010938

March 23, 2006

THE CITY OF MORGANTOWN NOTICE OF PUBLIC HEARING ON BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of The City of Morgantown (the "City") to be held on Tuesday, April 4, 2006, at 7:30 a.m., prevailing time, in Council Chambers at the Morgantown City Hall, 389 Spruce Street, Morgantown, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$8,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM); 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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the City on March 21, 2006.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to provide permanent financing of the costs of acquisition and construction of additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the City. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks and sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Clerk of the City for review by interested parties during regular office hours.

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

Dated: March 23, 2006

/s/ Linda Little
Clerk

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

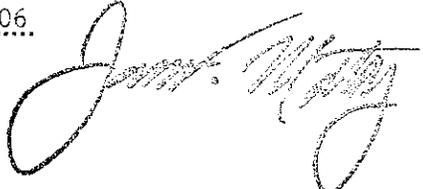
James Matuga Advertising Manager of THE DOMINION POST, a newspaper of general circulation published in the City of Morgantown, County and State aforesaid, do hereby certify that the annexed

Legal Notice

was published in the said DOMINION POST once a week for 2 successive weeks commencing on the 23 day of March, 2006 and ending on the 30 day of March, 2006

The publisher's fee for said publication is \$ 168.58

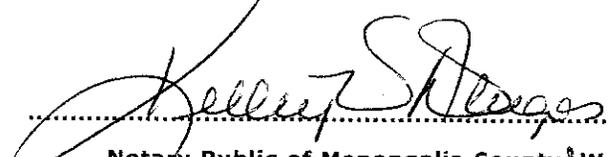
Given under my hand this 3 day of April, 2006



(SEAL)

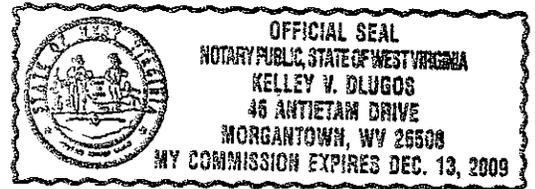
Advertising Manager of THE DOMINION POST

Subscribed and sworn to before me this 3 day of April, 2006



Notary Public of Monongalia County, W.Va.

My commission expires on the 13th day of December, 2009



REGULAR MEETING MARCH 7, 2006:

The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Tuesday, March 7, 2006, at 7:30 P.M.

PRESENT: Mayor Ron Justice, City Manager Dan Boroff, City Clerk Linda Little, City Attorney Steve Fanok, Assistant City Manager Jeff Mikorski, and Council Members Ron Bane, Jim Manilla, Frank Scafella, Teresa Miller, Bill Byrne, Don Spencer.

The meeting was called to order by the Mayor.

APPROVAL OF MINUTES: Minutes from the regular meeting on February 21, 2006, were approved as amended.

CORRESPONDENCE:

Ed Bowman and Dave Bush presented the Department of Defense Seven Seals Award to Bill Byrne. Mayor Justice presented a retirement plaque to Police Captain James E. Nabors; read Adam Cook's Appreciation Certificate; read and presented proclamations for: Rx for Child Survival, Quota Cares Month along with Defibrillators Donation Appreciation Certificate; Girl Scout Week and Women's History Month. Mayor Justice read George Papandreas' thank you about the Angiotti Building and announced two events.

PUBLIC HEARING-AN ORDINANCE ANNULING A 30' RIGHT-OF-WAY KNOWN AS DALLAS STREET IN THE FIFTH WARD:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

UNFINISHED BUSINESS:

AN ORDINANCE ANNULING A 30' RIGHT-OF-WAY KNOWN AS DALLAS STREET IN THE FIFTH WARD: The following entitled Ordinance was presented for second reading.

AN ORDINANCE VACATING, ABANDONING, AND ANNULING A 30' WIDE RIGHT-OF-WAY KNOWN AS DALLAS STREET (FORMERLY OAK STREET), EXTENDING AND RUNNING A DISTANCE OF APPROXIMATELY EIGHTY-NINE FEET BETWEEN BAIRD STREET AND FOREST AVENUE, IN THE FIFTH WARD OF THE CITY OF MORGANTOWN, MONONGALIA COUNTY, WEST VIRGINIA, NOT USED NOR USEFUL FOR STREET PURPOSES.

Motion by Spencer, second by Bane, to adopt the above Ordinance. Motion carried 7-0.

BOARDS AND COMMISSIONS:

No Business.

PUBLIC PORTION:

There being no appearances or objections, Mayor Justice declared this public portion closed.

SPECIAL COMMITTEE REPORTS:

Councilor Byrne announced Sunnyside Up meeting; Councilor Miller noted the Evansdale NHA cancellation; and Mayor Justice mentioned a possible time change for the MPO meeting.

NEW BUSINESS:

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A: The above entitled Ordinance was presented for first reading.

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM) (THE "BONDS") TO: (i) PAY A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF ADDITIONS, IMPROVEMENTS AND BETTERMENTS OF THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF THE CITY (THE "PROJECT"); AND (ii) PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS.

After the City Manager's explanation, motion by Scafella, second by Byrne, to pass the above Ordinance to second reading. The rules were suspended to allow Jim Green to answer questions. Motion carried 7-0.

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR FY 2006-2007: The above entitled Ordinance was presented for first reading.

AN ORDINANCE ADOPTING THE ANNUAL BUDGET OF THE CITY OF MORGANTOWN FOR THE FISCAL YEAR 2006-2007.

After the City Manager's explanation, motion by Byrne, second by Scafella, to pass the above Ordinance to second reading. Minor amendment by Scafella, second by Byrne, in regard to an increase of \$38,397 in allowed levy rates with allocations of \$1,152 to the contingency line item and \$37,245 to the Capital Escrow Fund. Motion carried 7-0. Main motion carried 7-0.

CONSIDERATION OF APPROVAL OF A RESOLUTION AUTHORIZING APPOINTMENT OF A MUNICIPAL BIKE BOARD AS A TRAFFIC COMMISSION COMMITTEE: The above entitled Resolution was presented for Council's approval.

After discussion, motion by Bane, second by Spencer, to approve the above Resolution. Motion carried 7-0.

CITY MANAGERS REPORT:

INFORMATION:

Item No. 1:

Recently the ISO completed an external evaluation of the City's Building Code Department for commercial and residential properties (scores range from 1-10 with 1 being the best). Currently the City has the highest rating in the State (3 for both commercial and residential--most large WV Cities have 5's for ratings). The recent inspection though gave the City a rating of 9 for both residential and commercial (the worst rating for any major WV City). It must be quickly noted that the principal reason for this is that most WV Cities were rated last year before the State was required to adopt the new ICC codes that are effective this year. It is anticipated that the State will adopt these new codes though prior to July 2006. When this action is taken and other minor qualifications made, it is anticipated that Morgantown's new rating will be 3 for residential and 2 for commercial (once again the highest rated Code Enforcement Department in West Virginia). Recognizing this situation, the ICC has agreed to postpone the 9's ratings to allow the State time to adopt the new codes.

Item No. 2:

Last year Main Street Morgantown saved the City of Morgantown \$250,000. Main Street was able to do this by purchasing the building next to the Met Theatre with a \$300,000 loan from the City. With control of the property, the organization was able to negotiate the use of the vacant lot in the back for BOPARC to install air conditioning units for the Theatre (saved the \$250,000 by not having to place the units on top of the Theatre). Furthermore, Main Street was able to sell the building this past month to a purchaser supporting Downtown interests and has now repaid the \$300,000 loan from the City. The degree of cooperation and expertise in managing this transaction is a high compliment to Main Street and its staff.

Item No. 3:

Attached you will find the proposed CDBG 2006-2007 Annual Action Plan recommending projects totaling \$567,000 for the next entitlement grant. Major activities suggested are: Administration & Planning--\$86,292; Housing Programs--\$170,000; Community Development Activities--\$85,037; and Non Housing Community Development Activities--\$225,585. With the presentation of the plan this evening, a Public Hearing on the Plan may be scheduled for March 14, 2006; a thirty day public comment period can be held; and the Plan can be considered by City Council for adoption on April 18, 2006.

Dave Bott, Community Development Director, explained the Action Plan projects.

NEW BUSINESS:

Item No. 1:

The second attachment includes materials from the Fire Department reporting bid results for voice amplifiers for the Department's self-contained breathing apparatus. I agree with the comments made and recommend that the contract be awarded to the only bidder Dill's Fire and Safety for \$8,990.

Motion by Scafella, second by Spencer, to authorize \$8,990 for the requested breathing apparatus. Motion carried 7-0.

Item No. 2:

The third attachment is a memo from the Airport Director describing a proposed marketing campaign for the new commercial air service to Cleveland. I agree with his comments and recommend that in cooperation with Benedum and Parkersburg Airports that the City contract with Stonewall Marketing Group to organize the promotion. The campaign will be financed with Federal grant funds.

After discussion, motion by Byrne, second by Spencer, to approve the expenditure of the funds to do the marketing in cooperation with Benedum and Parkersburg Airports. Motion carried 7-0.

Item No. 3:

The fourth attachment describes a unique presentation that will re-enact a landmark, civil rights court case in West Virginia law. The drama will be presented at the Metropolitan Theatre on April 26, 2006, at 7:30 p.m. To support this presentation, I recommend that the City help subsidize its cost with a \$500 grant as requested by the re-enactment sponsors.

After discussion, motion by Miller, second by Scafella, that a \$500 grant be awarded to that project. Motion carried 7-0.

Item No. 4:

The fifth attachment reports bid results for the Sabraton Welcome Sign. Based upon the prices submitted, I recommend that a bid not be accepted and that City crews construct the project.

After discussion, motion to deny the bid results by Scafella, second by Bane. Motion carried 7-0.

Item No. 5:

The sixth attachment is a Memorandum of Understanding between the City and the County to administer a U.S. Department of Justice Edward Byrne Justice Assistance Grant totaling \$19,893. Based upon the merits of this program, I recommend that the City Manager be authorized to sign the agreement and forward it to the Department of Justice.

Motion by Byrne, second by Miller, to enter into a Memo of Understanding. Motion carried 7-0.

Item No. 6:

The seventh attachment is a memo from the Assistant City Manager suggesting that the City employ the National Research Center to conduct a citizen survey earlier discussed by Council. Given the stringent, technical expertise and standards necessary to conduct a valid survey of practical use to the City, I recommend that the Center be employed for a cost of \$10,850. Materials attached to the memo further describe how the survey will be conducted.

Motion by Scafella, second by Miller, to authorize \$10,850 to do that. Motion carried 7-0.

Item No. 7.

The last attachment is another memo from the Public Works Director reporting bid results for asphalt for this year's Street Paving Program (City of Westover is a partner and will enjoy the same unit prices). I agree with the Public Works Director's comments and recommend that the bid be awarded to Greer Asphalt Company for \$188,319.50

After discussion, motion by Manilla, second by Scafella, to award the bid to Greer Asphalt Company for \$188,319.50. Motion carried 7-0.

CITY CLERK'S REPORT:

City Clerk Little announced the Wellness Open House.

CITY ATTORNEY'S REPORT:

No Report.

REPORT FROM COUNCIL MEMBERS (reverse order):

Councilor Spencer: Councilor Spencer spoke of recent violent incidents and tipped the hat to the Police Department, Teaching Tolerance Program, and Council for Women's Concerns; commented on Dr. Kimberly Stearns and her death; and discussed the Worley Gardner Festival and the Pandemic Flu Summit Seminar.

Councilor Byrne: Councilor Byrne expressed condolences to Dr. Stearns' family.

Councilor Miller: Councilor Miller also sent condolences; noted trash showing up with spring and still debris on power lines; announced a BZA and Planning Commission workshop; mentioned the St. Francis Teaching Tolerance Program and the cancelled Evansdale NHA meeting; suggested a condolence letter to Star City for John Barill's death.

Councilor Scafella: Councilor Scafella commented on the the sound quality at meetings; recognized Ralph LaRue, Dave Golden and BOPARC crew for working over on the two coldest weekends to install the Met Theatre HVAC systems; and announced the wileshillschool.org web site is up.

Councilor Manilla: Councilor Manilla reiterated condolences; stated the middle light on the Walnut Street Bridge is still out; and discussed the Dominion Post cost of living article.

Councilor Bane: Councilor Bane asked for clarification on the ISO rating.

Mayor Justice: No Report.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 8:50 p.m.

City Clerk

Mayor

***A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.**

REGULAR MEETING MARCH 21, 2006:

The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Tuesday, March 21, 2006, at 7:40 P.M.

PRESENT: Mayor Ron Justice, City Manager Dan Boroff, City Clerk Linda Little, City Attorney Steve Fanok, Assistant City Manager Jeff Mikorski, and Council Members Ron Bane, Jim Manilla, Frank Scafella, Teresa Miller, Bill Byrne, Don Spencer. **(Ron Bane late 8:20 p.m.)**

The meeting was called to order by the Mayor.

APPROVAL OF MINUTES: Minutes from the regular meeting on March 7, 2006, were approved as printed.

CORRESPONDENCE:

Mayor Justice noted that WV Media will do a story on Decision Makings and Local Government to air this Sunday; mentioned a letter from Delegate Beach updating Council on the Budget Digest process; presented Adam Cook's Appreciation Certificate for Caperton Trail Cleanup.

PUBLIC HEARING-AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR FY 2006-2007:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

UNFINISHED BUSINESS:

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR FY 2006-2007: The following entitled Ordinance was presented for second reading.

AN ORDINANCE ADOPTING THE ANNUAL BUDGET OF THE CITY OF MORGANTOWN FOR THE FISCAL YEAR 2006-2007.

Motion by Scafella, second by Byrne, to adopt the above Ordinance. City Manager, Dan Boroff explained that there will be a minor amendment to the Capital Escrow/Contingency account which will be available for approval at the next Regular Meeting. Motion carried 6-0. **(Bane Absent)**.

BOARDS AND COMMISSIONS:

By acclamation, Peter DeMasters was appointed to the Planning Commission.

Mayor Justice mentioned that upon Council's approval when there is only one candidate for Boards & Commissions vacancy City Clerk will check with Council before scheduling interview. After discussion, Council approved above stated policy by unanimous consent.

PUBLIC PORTION:

Bill Reger-Nash, EdD, Director WV Walks Campaign, requested of Council to continue to look at Truck Issue. Dr. Reger commented that we need to have a walkable community, which means that downtown through traffic is unacceptable because of the noise, air pollution and danger of the narrow streets.

City Manager Dan Boroff advised that an opinion has been given from Steptoe and Johnson and the Truck Issue will be on the COW for discussion.

There being no more appearances or objections, Mayor Justice declared this public portion closed.

SPECIAL COMMITTEE REPORTS:

Councilor Spencer requested that the Airport Advisory Committee meetings be announced in Newspaper; Channel 15. And that the Agenda have a public portion added. City Manager Dan Boroff responded as the Chair of this committee will follow through with this and report back to Council.

NEW BUSINESS:

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A: The above entitled Ordinance was presented for second reading.

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM) (THE "BONDS") TO: (j) PAY A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF ADDITIONS, IMPROVEMENTS AND BETTERMENTS OF THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF THE CITY (THE "PROJECT"); AND (ii) PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS.

Motion by Byrne, second by Scafella, to pass the above Ordinance to third reading. Motion carried 6-0. **(Bane Absent)**.

CITY MANAGERS REPORT:

NEW BUSINESS:

Item No. 1:

Attached you will find a memo from the Fire Department reporting bid results for emergency generators for the City's three Fire Stations. J agree with the findings of the memo and recommend that the contract be awarded to the only bidder Garret Electrical Contracting for a total cost of \$65,405.92 (to be funded with a Federal grant and a ten percent local match).

Motion by Miller, second by Manilla, to award the contract to Garret Electrical Contracting for \$65,405.92. Motion carried 6-0. **(Bane Absent)**.

Item No. 2:

The second attachment is a request for \$1,000 from the Friends of Deckers Creek to help support the organization's annual Household Hazardous Waste Collection Day that will be held May 20, 2006, from 9:00

a.m. to 1:00 p.m. at Miller Environmental in Sabraton. Based upon the success of previous events, J recommend that the request be granted.

Motion by Byrne, second by Spencer, to approve the request of \$1,000 to help support the Hazardous Waste Collection Day on May 20, 2006. Motion carried 6-0. (**Bane Absent**).

CITY CLERK'S REPORT:

City Clerk Linda Little gave a reminder to sign up for Walk 100 Miles and announced the good turnout for the Wellness Open House.

CITY ATTORNEY'S REPORT:

No Report.

REPORT FROM COUNCIL MEMBERS (reverse order):

Councilor Spencer:

Councilor Spencer asked if any action had been taken on the Safe Routes To School.

City Manager Dan Boroff commented that the DOT is still doing research on that and he will check on this and report back to Council.

Councilor Spencer mentioned the next Sun crest Neighborhood Association Meeting will be on the 30th at the Suncrest Middle School. Councilor Spencer presented information to Council from the N.C. about Home Rule; observed that major Snowshoe signs were only 30' from the highway and that there seems to be no consensus in the Rawly Avenue neighborhood.

Councilor Byrne:

Councilor Byrne emphasized that at the COW the Truck Issue will be on the COW for discussion. National Housing & Redevelopment Conference in Washington, D.C. recently and the CDBG money is an issue with the 25% reduction in funding. Suggested that the City Manager write a letter to our delegation for full funding of the CDBG.

City Manager Dan Boroff commented that a letter was sent two weeks ago.

Councilor Byrne requested that the City Manager check into the City becoming an Inclusive Community through the National League of Cities.

Councilor Miller:

Councilor Miller noted that she was pleased to do the Welcome for the Midwives Conference; mentioned that since Allegheny Power is not going to remove the debris from the lines until they do work there am suggesting everyone send

notes in their electric bill asking power company to remove the trash from the lines.

Councilor Scafella:

Councilor Scafella commented on the intersection of Vangilder, Protzman, Stewart & Hoffman, a study was done and would cost around \$50,000 or more and would request the Traffic Commission before school starts this year to look at the Traffic flow for that intersection.

Councilor Manilla:

Councilor Manilla complimented the Police Department and Fire Department on their professionalism.

Councilor Bane:

Councilor Bane apologized for being late; saw the MHS Show Choir perform at Carnegie Hall and remarked on attending the Homeland Security Conference with Sen. Rockefeller.

Mayor Justice:

Mayor Justice discussed the duplex fire, now eight students homeless and that property has been an ongoing problem, the law needs to be changed, and he asked the City Manager for an immediate investigation. Mayor Justice announced the Don Knotts memorial service; thanked Westover for hosting the meeting and the next topics are Public Works and Parks; gave an update on Dorsey's Knob; mentioned right-of-way snags for Dorsey's Knob and Hazel Ruby-McQuain Park signs; noted Cong. Mollohan reiterated to City Council and the MPO that communication lines are open; requested the Traffic Commission use the new point system for Rawly Avenue and give options; defended quality of life projects for the City; and asserted the Homeland Security Conference was well attended.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 8:30 p.m.

City Clerk

Mayor

***A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.**

REGULAR MEETING APRIL 4, 2006:

The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Tuesday, April 4, 2006, at 7:30 P.M.

PRESENT: Mayor Ron Justice, City Manager Dan Boroff, City Clerk Linda Little, City Attorney Steve Fanok, Assistant City Manager Jeff Mikorski, and Council Members Ron Bane, Jim Manilla, Frank Scafella, Teresa Miller, Bill Byrne, Don Spencer.

The meeting was called to order by the Mayor.

APPROVAL OF MINUTES: Minutes from the special meeting & regular meeting on March 21, 2006, were approved as printed.

CORRESPONDENCE:

Mayor Justice announced the WVU Women's Softball Team will be hosting a National Tournament; read and presented proclamations for West Virginia State Honor Bands. Councilor Miller read an Autism Awareness Week proclamation. Councilor Scafella read Reggie Spencer's letter about Wiles Hill School and a furniture donation.

PUBLIC HEARING-A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

UNFINISHED BUSINESS:

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A: The following entitled Ordinance was presented for third reading.

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM) (THE "BONDS") TO: (i) PAY A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF ADDITIONS, IMPROVEMENTS AND BETTERMENTS OF THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF THE CITY (THE "PROJECT"); AND (ii) PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS.

Motion by Scafella, second by Bane, to adopt the above Ordinance. Motion carried 7-0.

BOARDS AND COMMISSIONS:

By acclamation, Chris Gluck, Roy Nutter, Ken Martis, and Don Spencer were reappointed to the Traffic Commission.

PUBLIC PORTION:

Bertha Modzik, 1557 Folger Avenue, asserted that Folger Avenue is in the wrong place.

Andrew Modzik, 1557 Folger Avenue, read David Straface's letter and urged resolving the situation.

City Manager Boroff will research the issue again.

There being no more appearances or objections, Mayor Justice declared this public portion closed.

SPECIAL COMMITTEE REPORTS:

Councilor Miller spoke of the Design Review Committee meeting.

NEW BUSINESS:

CONSIDERATION OF APPROVAL OF A RESOLUTION APPOINTING A MUNICIPAL SOLID WASTE ADVISORY BOARD: The above entitled Resolution was presented for approval:

After discussion, motion by Spencer, second by Scafella, to approve the above entitled Resolution. Motion carried 7-0.

CITY MANAGERS REPORT:

NEW BUSINESS:

Item No. 1:

Attached you will find a memo from the Finance Director reporting request for proposal results for the City's liability and property insurance coverage. As per her comments, I recommend that the contract be awarded to Acordia of West Virginia for a cost of \$325,857 (saving the City \$110,000 in the new year as per budgets recently adopted). The principal reasons for this significant savings are recent changes in State law, and much more so, the excellent claims history the City has experienced in the last several years.

After discussion, motion by Miller, second by Scafella, that Acordia of West Virginia be awarded the liability and property insurance contract at a cost of \$325,857. Motion carried 7-0.

Item No. 2:

The second attachment is a letter from the West Virginia University Student Government Association presenting an excellent opportunity to construct a much needed sidewalk on Willowdale Road. With a \$37,000 match from the City of Morgantown, this \$445,238 project will be realized. The project also once again demonstrates the practical benefits of local governments and institutions working together to effect projects that otherwise would not happen (Monongalia County Commission, WVU, WVU Student Government, and the City of Morgantown). Based upon these considerations, I recommend that the request be approved and especially congratulate the West Virginia University Student Government Association for their imagination and initiative in making this project possible.

Motion by Scafella, second by Miller, to allocate a \$37,000 match for the sidewalk project on Willowdale. Motion carried 7-0.

Item No. 3:

As discussed at the Committee of the Whole, a minor land slide has closed a portion of Koontz Avenue. To assure that the street is reopened as soon as possible, I recommend that \$20,000 be allocated from the Capital Escrow Account to stabilize the slope that supports the road (Public Works Director Memo attached).

Motion by Manilla, second by Spencer, to allocate \$20,000 to the Koontz Avenue project. Motion carried 7-0.

Item No. 4:

The City has received a request from the Bartlett House for \$15,000 to continue its program contending with public intoxication. Given the merits of this program and the assistance rendered to the Police Department, I recommend that the request be granted (letter also attached).

Motion by Bane, second by Scafella, that \$15,000 for the program at Bartlett House to be approved. Motion carried 7-0.

Item No. 5:

The last attachment is a memo from the Police Chief reporting an opportunity to join with other local government agencies to acquire a mobile command post for emergencies, disasters, and large events. The City's share of the project cost would be \$7,000. Given the merits of the proposal, I recommend that it be funded.

After discussion, motion by Bane, second by Spencer, that \$7,000 is given for the mobile command post. Motion carried 7-0.

CITY CLERK'S REPORT:

No Report.

CITY ATTORNEY'S REPORT:

No Report.

REPORT FROM COUNCIL MEMBERS (reverse order):

Councilor Spencer: Councilor Spencer asked for progress on McQuain Park entrance; discussed Willowdale sidewalk and sidewalk policy; kudos to WVU for Brooks Hall renovation; expounded on NLC issues; requested Pandemic Flu planning progress report within the next 6 months; mentioned the Suncrest NHA and the Farmers' Market.

Councilor Byrne: Councilor Byrne requested an Inclusive Community Program update; gave a reminder of the J. R. Clifford & Carrie Williams Case Re-enactment; and he reported on the South Hills Association meeting and their concerns.

City Manager Boroff reported that Inclusive Community will

be on the April COW agenda and a Resolution prepared for the April 18th Regular Meeting.

Councilor Miller:

Councilor Miller inquired about tickets to the J.R. Clifford Case and complimented Councilor Scafella and the Committee on a job well done on the Wiles Hill School Community Center.

Councilor Scafella:

Councilor Scafella asked about a time-line for design and start of work for the park entranceway; noted that Willowdale has a continuous sidewalk on one side; reported work continues on the Wiles Hill Community Center and will update the progress; suggested the solid waste advisory committee look at garbage in high density areas; and reiterated kudos to WVU for Brooks Hall renovation.

Councilor Manilla:

No Report.

Councilor Bane:

Councilor Bane announced that Mike Roh, University High, received the Outstanding Teachers Award; suggested invitees to the COW for the Pandemic Report; commented on garbage pick-up that property owners need to help change behavior.

Mayor Justice:

Mayor Justice commented the DOH is in the process of cleaning up the limestone from the snows; he encouraged everyone at the South Hills meeting to use the Wiles Hill Community Center and check out the web-site; discussed the Citizens' Survey and the State Arts Association Conference; commendations to Marchetta Maupin and Officer Lantz for community relations at the South Hills meeting and gave a reminder of the River Summit.

City Manager Boroff asserted the survey will be later this year.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 8:50 p.m.



City Clerk



Mayor

***A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.**

REGULAR MEETING JUNE 6, 2006:

The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Tuesday, June 6, 2006, at 7:30 P.M.

PRESENT: Mayor Ron Justice, City Manager Dan Boroff, City Clerk Linda Little, City Attorney Steve Fanok, Assistant City Manager Jeff Mikorski, and Council Members Ron Bane, Jim Manilla, Frank Scafella, Teresa Miller, Bill Byrne, Don Spencer.

The meeting was called to order by the Mayor.

APPROVAL OF MINUTES: Minutes from the regular meeting on May 16, 2006, were approved as printed.

CORRESPONDENCE:

Mayor Justice mentioned the *Friends of Deckers Creek Annual Report*, and an Article that was in *The Journal* congratulating Morgantown for being named one of the best small places to live in the United States.

Mayor Justice, Councilor Scafella and Boparc Director Mark Wise presented Susan Seitz with a Certificate of Recognition and a Plaque in honor of Dr. Jacob R. Seitz for his service to the City of Morgantown. Mayor Justice reported on the Youth Commission retreat this past weekend and mentioned that the Youth Commission will report back to Council on their plans for the 2006-2007 school year.

PUBLIC HEARING-AN ORDINANCE AMENDING SECTIONS AND SUBSECTIONS OF THE ZONING ORDINANCE AS THE SAME APPLY TO PERMITTED LAND USES, VIDEO GAMING OR LOTTERY ESTABLISHMENTS, RESTAURANTS, ACCESSORY STRUCTURES AND USES, PERFORMANCE STANDARDS, SPECIAL REQUIREMENTS, NUMBER OF PARKING SPACES REQUIRED, AND PARKING DEVELOPMENT STANDARDS:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

PUBLIC HEARING-AN ORDINANCE REZONING NINE PARCELS OF REAL ESTATE IN THE THIRD WARD FROM (R-3) MULTI-FAMILY RESIDENTIAL DISTRICT TO (PUD) PLANNED UNIT DEVELOPMENT DISTRICT:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

Eric Garrett, Vice President of Development S.C. Bodner Company, thanked the City for considering this development in Sunnyside and complimented City Administration on being professional and easy to work with and am excited about the completion of this project.

Michael Pinion, 109 McClain Avenue, Pinion Realty joint venture partners with this project

and know that this community will be proud of this project when it is completed.

Don Oates, Executive Director Sunnyside Up, commented that he is so excited about this project in Sunnyside and thanks City Manager and City Administration for their cooperation and assistance with this project.

There being no more appearances or objections, Mayor Justice declared this public hearing closed.

UNFINISHED BUSINESS:

AN ORDINANCE AMENDING SECTIONS AND SUBSECTIONS OF THE ZONING ORDINANCE AS THE SAME APPLY TO PERMITTED LAND USES, VIDEO GAMING OR LOTTERY ESTABLISHMENTS, RESTAURANTS, ACCESSORY STRUCTURES AND USES, PERFORMANCE STANDARDS, SPECIAL REQUIREMENTS, NUMBER OF PARKING SPACES REQUIRED, AND PARKING DEVELOPMENT STANDARDS: The following entitled Ordinance was presented for second reading:

AN ORDINANCE AMENDING SECTIONS AND SUBSECTIONS 300.05.01, 300.06(13), 300.06(17), 300.08, 301.07, 302.07, 303.07, 304.07, 305.07, 313.06, 320.08, 400.04, 401.04 AND 401.09 OF THE ZONING ORDINANCE OF THE CITY OF MORGANTOWN AS THE SAME APPLY TO PERMITTED LAND USES, VIDEO GAMING OR LOTTERY ESTABLISHMENTS, RESTAURANTS, ACCESSORY STRUCTURES AND USES, PERFORMANCE STANDARDS, SPECIAL REQUIREMENTS, NUMBER OF PARKING SPACES REQUIRED, AND PARKING DEVELOPMENT STANDARDS.

After discussion, motion by Scafella, second by Miller, to adopt the above Ordinance. Councilor Spencer, second by Bane to move that the two sections 304.07 & 305.07 not be changed and leave the 6ft in for sidewalks. Approval of changes would remain a function of the BZA Board. Motion carried 6-1 (Byrne NO). After more discussion, a vote was taken on the main motion. Motion carried 7-0.

AN ORDINANCE REZONING NINE PARCELS OF REAL ESTATE IN THE THIRD WARD FROM (R-3) MULTI-FAMILY RESIDENTIAL DISTRICT TO (PUD) PLANNED UNIT DEVELOPMENT DISTRICT: The following entitled Ordinance was presented for second reading:

AN ORDINANCE PROVIDING FOR THE REZONING OF NINE PARCELS OF REAL ESTATE IN THE THIRD WARD OF THE CITY OF MORGANTOWN FROM (R-3) MULTI-FAMILY RESIDENTIAL DISTRICT TO (PUD) PLANNED UNIT DEVELOPMENT DISTRICT BY AMENDING ARTICLE 300 OF THE ZONING ORDINANCE OF THE CITY OF MORGANTOWN AS SHOWN ON THE EXHIBIT HERETO ATTACHED AND DECLARED TO BE A PART OF THIS ORDINANCE AS IF THE SAME WAS FULLY SET FORTH THEREIN.

After discussion, motion by Byrne, second by Miller, to adopt the above Ordinance. Motion carried 7-0.

BOARDS AND COMMISSIONS:

By acclamation the following are reappointed to the Ward & Boundary Commission: Don West,

1stWd; Steve Carpenter, 4thWd and William Ryan, 5th Wd.

Mayor Justice requested that an agenda item for the next COW be Non-Voting Members for Boards and Commissions.

PUBLIC PORTION:

Dan Hursh, 2616 University Avenue, support of passage of the Ordinance in rerouting trucks in Morgantown.

Barb Howe, 432 Riley Avenue, suggested that the DOH put up rubber posts especially at areas like Spruce & Walnut Street.

Charles McEwuen, 324 Grandview Avenue, mentioned the Street Scape project, requested that the junction box be put in for the lights in downtown during the construction period. Mr. McEwuen stated with the activities picking up in downtown, it is important to have the lights up and working as soon as possible.

Mayor Justice mentioned that at the June COW, DOH will be attending to talk about the Truck Issue Down Town. Councilor Scafella commented that there are more 18 wheelers now turning from Walnut to University and 6th to Beechurst and is happening at all junctures and are having trouble navigating and this is something we must address. Councilor Miller agreed this is a problem that needs addressed immediately. Councilor Byrne agreed with the rubber post idea that Barb Howe suggested as practical and economical. Councilor Byrne and Mayor Justice requested that the junction box be put in for the lights in downtown for the Street Scape Project. City Manager Dan Boroff commented he will take care of this first thing tomorrow morning.

There being no more appearances or objections, Mayor Justice declared this public portion closed.

SPECIAL COMMITTEE REPORTS:

Mayor Justice reported that there will be a grand opening on Saturday, July 1, 2006, at 10am for the Dorsey Knob Deck.

NEW BUSINESS:

AN ORDINANCE REZONING ONE PARCEL OF REAL ESTATE IN THE FIRST WARD FROM (R-1A) SINGLE-FAMILY RESIDENTIAL DISTRICT TO (B-1) NEIGHBORHOOD BUSINESS DISTRICT: The below entitled Ordinance was presented for first reading:

AN ORDINANCE PROVIDING FOR THE REZONING OF ONE PARCEL OF REAL ESTATE IN THE FIRST WARD OF THE CITY OF MORGANTOWN FROM (R-1A) SINGLE-FAMILY RESIDENTIAL DISTRICT TO (B-1) NEIGHBORHOOD BUSINESS DISTRICT BY AMENDING ARTICLE 300 OF THE ZONING ORDINANCE OF THE CITY OF MORGANTOWN AS SHOWN ON THE EXHIBIT HERETO ATTACHED AND DECLARED TO BE A PART OF THIS ORDINANCE AS IF THE SAME WAS FULLY SET FORTH THEREIN.

After discussion, motion by Bane, second by Manilla, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

By acclamation the below agenda item was moved by the request of the Mayor.

CONSIDERATION OF APPROVAL OF A 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 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2006 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF MORGANTOWN, APPROVING AND RATIFYING A LOAN AGREEMENT 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: The above entitled Resolution was presented for Council's approval.

Motion by Scafella, second by Byrne, to approve the above Resolution. Motion carried 7-0.

AN ORDINANCE AMENDING THE STREETS, UTILITIES AND PUBLIC SERVICES CODE AS APPLIES TO RESPONSIBILITY OF KEEPING SIDEWALKS CLEAN: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AMENDING SECTION 913.03 OF THE STREETS, UTILITIES AND PUBLIC SERVICES CODE OF THE CITY OF MORGANTOWN AS THE SAME APPLIES TO RESPONSIBILITY OF KEEPING SIDEWALKS CLEAN.

Motion by Byrne, second by Miller, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AMENDING THE ADMINISTRATIVE CODE BY ENACTING A NEW SECTION 181.21: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AMENDING ARTICLE 181 OF THE ADMINISTRATIVE CODE OF THE CITY OF MORGANTOWN BY ENACTING A NEW SECTION 181.21 WHICH ESTABLISHES A MANDATORY MUNICIPAL COURT FEE ASSESSMENT FOR PURPOSES OF FUNDING THE MONONGALIA COUNTY TEEN COURT PROGRAM.

After discussion and the City Manager's explanation, motion by Byrne, second by Scafella, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE APPROVING AN EASEMENT TO THE WVU BOARD OF GOVERNORS ACROSS RAWLEY AVENUE IN THE SEVENTH WARD: The below entitled Ordinance was presented for first reading:

AN ORDINANCE APPROVING AN EASEMENT BEING GRANTED TO THE WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS BY THE CITY OF MORGANTOWN FOR THE PLACEMENT OF TELECOMMUNICATIONS CONDUITS UNDER AND ACROSS RAWLEY AVENUE, LOCATED IN THE CITY'S SEVENTH WARD.

After discussion and the City Manager's & City Attorney's explanation, motion by Miller, second by Byrne, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ZONING ORDINANCE AMENDMENT TO REPEAL ZERO LOT LINE DWELLING PROVISIONS : The below entitled Ordinance was presented for first reading:

AN ORDINANCE AMENDING SECTIONS AND SUBSECTIONS 201, TABLE 300.05.01, 302.04, 303.05, 304.04, AND TABLE 401.04.01 OF THE ZONING ORDINANCE OF THE CITY OF MORGANTOWN AS THE SAME APPLY TO ZERO LOT LINE DWELLINGS.

After discussion, motion by Scafella, second by Miller, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH WHARF PLACE, LLC (LESSEE) REGARDING LAND AT THE AIRPORT: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN (LESSOR) AND WHARF PLACE, LLC (LESSEE) REGARDING THE LEASING OF LAND LOCATED AT THE MORGANTOWN MUNICIPAL AIRPORT; TO BE USED FOR THE CONSTRUCTION OF A HANGAR WHICH WILL BE OCCUPIED BY THE LESSEE.

After discussion and the City Manager's explanation, motion by Scafella, second by Miller, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AMENDING THE FY 2005-2006 GENERAL FUND BUDGET: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AMENDING THE FY 2005-2006 ANNUAL BUDGET OF THE CITY OF MORGANTOWN AS SHOWN IN THE REVISED BUDGET ATTACHED HERETO AND MADE A PART OF THIS ORDINANCE AS THE SAME APPLIES TO THE GENERAL FUND.

After discussion and the City Manager's explanation, motion by Scafella, second by Miller, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE ESTABLISHING RATES OF COMPENSATION FOR EMPLOYEES FOR THE FY 2006-2007: The below entitled Ordinance was presented for first reading:

AN ORDINANCE ESTABLISHING THE RATES OF COMPENSATION FOR CITY OF MORGANTOWN EMPLOYEES FOR THE FISCAL YEAR 2006-2007.

After discussion and the City Manager's explanation, motion by Miller, second by Scafella, to pass the above entitled Ordinance to second reading. Motion carried 6-0. (Spencer Absent)

AN ORDINANCE AMENDING SECTIONS (LONGEVITY PAY), (SHIFT DIFFERENTIAL), AND (HAZARDOUS DUTY PAY) OF THE PERSONNEL RULES : The below entitled Ordinance was

presented for first reading:

AN ORDINANCE AMENDING SECTIONS III-1(B)(LONGEVITY PAY), III-3(B)(SHIFT DIFFERENTIAL), AND III-4(HAZARDOUS DUTY PAY) OF THE PERSONNEL RULES OF THE CITY OF MORGANTOWN BY INCREASING THE MONETARY AMOUNTS WITHIN EACH.

After discussion and the City Manager's explanation, motion by Scafella, second by Byrne, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

CONSIDERATION OF APPROVAL OF A RESOLUTION TO AMEND THE 2005-2006 MORGANTOWN MUNICIPAL AIRPORT FUND AND TO APPROVE THE 2006-2007 MORGANTOWN MUNICIPAL AIRPORT FUND AND AIRPORT IMPROVEMENT FUND BUDGET: The above entitled Resolution was presented for Council's approval.

After discussion, motion by Miller, second by Byrne, to approve the above Resolution. Motion carried 7-0.

CONSIDERATION OF APPROVAL OF A RESOLUTION TO ADMINISTER A \$10,000 GRANT TO THE BOPARC SENIOR CENTER FOR A SENIOR CENTER COMPUTER AREA: The above entitled Resolution was presented for Council's approval.

Motion by Byrne, second by Bane, to approve the above Resolution. Motion carried 7-0.

CONSIDERATION OF APPROVAL OF A RESOLUTION TO ADMINISTER A \$3,000 GRANT TO THE MOUNTAINEER KENNEL CLUB FOR AGILITY EQUIPMENT AND TRAINING EQUIPMENT: The above entitled Resolution was presented for Council's approval.

Motion by Scafella, second by Miller, to approve the above Resolution. Motion carried 7-0.

CONSIDERATION OF APPROVAL OF A RESOLUTION TO ADMINISTER A \$5,000 GRANT TO THE ROSENBAUM FAMILY HOUSE FOR NEW CARPETING: The above entitled Resolution was presented for Council's approval.

Motion by Spencer, second by Bane, to approve the above Resolution. Motion carried 7-0.

CITY MANAGERS REPORT:

NEW BUSINESS:

Item No. 1:

Attached you will find a request from MountainFest, LLC seeking a festival permit to support the Wild & Wonderful MountainFest Motorcycle Rally that will take place July 28th through July 30th. Granting this request will allow controlled beer sales at Hazel Ruby McQuain Park in support of the Rally. Given the success of last year's event, I recommend that the request be granted and a letter of support be forwarded to the WV Alcohol Beverage Control Commission.

Motion by Scafella, second by Manilla to approve the request to support the Wild & Wonderful MountainFest Motorcycle Rally in July. Motion carried 7-0.

Item No. 2:

The second attachment is a temporary easement trail agreement with BOCCI, LLC that will allow a detour on the Caperton trail in support of the River Center Project being constructed. To assure that the construction project is realized in a timely way, I recommend that the agreement be approved.

After discussion, motion by Byrne, second by Spencer, to approve the agreement with BOCCI, LLC which will allow a detour on the Caperton trail. Motion carried 7-0.

Item No. 3:

The last attachment is a contract with DMJM Harris to provide inspection services for the Monongahela River Center Project for a cost not to exceed \$26,000 to be paid from State Economical Grant funds. Given the scope of services to be provided and to assure that the project is completed in a timely way, I recommend that the agreement be approved.

Motion by Byrne, second by Bane to approve the contract with DMJM Harris to provide inspection services for the Mon. River Center Project not to exceed \$26,000. Motion carried 7-0.

CITY CLERK'S REPORT:

City Clerk Little thanked the community/volunteers for supporting the UW pepperoni roll sale.

CITY ATTORNEY'S REPORT:

No Report.

REPORT FROM COUNCIL MEMBERS:

- Councilor Bane: No report.
- Councilor Manilla: Councilor Manilla requested Wall Street maintenance and commented that fire stations are excellent neighbors.
- Councilor Scafella: Councilor Scafella thanked Senators Oliverio and Prezioso for Wiles Hill Senior Center grant and noted the open house in August; and commented on tree trimming and milling adding to traffic problems.
- Councilor Miller: Councilor Miller announced the Evansdale Neighborhood Association meeting.
- Councilor Byrne: Councilor Byrne thanked MUB and the City for fixing a Diamond Street drainage problem; gave a reminder of the affordable housing symposium; commented that he will play in the J. R. Clifford Case in Harper's Ferry; and asked if the DOH will be at the COW.

City Manager Boroff replied that the DOH will have state level representatives at the June COW.
- Councilor Spencer: Councilor Spencer thanked Karen Woodford and Jamie Lester

for Woodburn neighborhood presentation at the COW; gave National Neighborhood Celebration dates; discussed a broadband access handout and asked the City Manager to form a broadband committee; spoke about fire stations in neighborhoods and thanked Peg Kovack for her letter in the Dominion Post; reflected on traffic and transportation problems.

Mayor Justice:

Mayor Justice requested a Neighborhood Week proclamation; mentioned the affordable housing conference, visiting two USC housing villages and a meeting to possibly increase affordable housing program funding; referred to Jeff neighborhood linking questions; requested tentative start/end paving dates; announced Woodburn NHA has a sign design; noted the Main Street breakfast and the MPO meeting.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 9:20 p.m.

City Clerk

Mayor

***A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.**

REGULAR MEETING JULY 5, 2006:

The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Wednesday, July 5, 2006, at 7:30 P.M.

PRESENT: Mayor Ron Justice, City Manager Dan Boroff, City Clerk Linda Little, City Attorney Steve Fanok, and Council Members Ron Bane, Jim Manilla, Frank Scafella, Teresa Miller, Bill Byrne, Don Spencer. Assistant City Manager Jeff Mikorski was Absent.

ELECTION OF MAYOR AND DEPUTY MAYOR:

City Clerk Linda Little opened the floor for Nominations for Mayor for 2006-2007.

Motion by Scafella, second by Bane, to appoint Councilor Justice as Mayor.

City Clerk Linda L. Little asked if there were any more nominations for the office of Mayor.

Nominations were closed.

There being no further nominations, the City Clerk took a vote.

The vote of 7-0 determined that by unanimous consent Councilor Justice was selected as the new Mayor for 2006-2007.

City Clerk Linda Little then opened the floor for nominations for the office of Deputy Mayor for 2006-2007.

Motion by Manilla, second by Spencer, to appoint Councilor Bane as Deputy Mayor.

City Clerk Linda Little then asked if there were any more nominations.

There being no further nominations, the City Clerk took a vote.

The vote of 7-0 determined that Councilor Bane was selected as the Deputy Mayor for 2006-2007.

The City Clerk administered the Oath of Office to the Mayor and Deputy Mayor.

The meeting was called to order by the Mayor.

APPROVAL OF MINUTES: Minutes from the regular meeting on June 20, 2006, were approved as printed.

CORRESPONDENCE:

Mayor Justice presented a plaque to Police Lt. Ron Snyder and announced renovations to Unity Manor with federal funding.

PUBLIC HEARING-AN ORDINANCE REZONING ONE PARCEL IN FIRST WARD FROM (R-1A) SINGLE-FAMILY RESIDENTIAL TO (B-1) NEIGHBORHOOD BUSINESS DISTRICT:

Pursuant to a legal notice appearing in the Dominion Post, Mayor Justice called for a public hearing on the above referenced Ordinance.

There being no appearances or objections, Mayor Justice declared this public hearing closed.

UNFINISHED BUSINESS:

AN ORDINANCE REZONING ONE PARCEL IN FIRST WARD FROM (R-1A) SINGLE-FAMILY RESIDENTIAL TO (B-1) NEIGHBORHOOD BUSINESS DISTRICT: The following entitled Ordinance was presented for second reading:

AN ORDINANCE PROVIDING FOR THE REZONING OF ONE PARCEL OF REAL ESTATE IN THE FIRST WARD OF THE CITY OF MORGANTOWN FROM (R-1A) SINGLE-FAMILY RESIDENTIAL DISTRICT TO (B-1) NEIGHBORHOOD BUSINESS DISTRICT BY AMENDING ARTICLE 300 OF THE ZONING ORDINANCE OF THE CITY OF MORGANTOWN AS SHOWN ON THE EXHIBIT HERETO ATTACHED AND DECLARED TO BE A PART OF THIS ORDINANCE AS IF THE SAME WAS FULLY SET FORTH THEREIN.

After discussion, motion by Bane, second by Manilla, to adopt the above Ordinance. Motion carried 6-1. (Miller voted NO.)

BOARDS AND COMMISSIONS:

By acclamation, Peter Schuster was appointed to the Traffic Commission.

PUBLIC PORTION:

There being no appearances or objections, Mayor Justice declared this public portion closed.

SPECIAL COMMITTEE REPORTS:

Councilor Spencer spoke of the Dorsey's Knob opening and thanked everyone. Councilor Miller commented on the Museum Commission's West Virginia Day event, the upcoming Kids' Day, and asked for old photos and glassware donations.

NEW BUSINESS:

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH REGIONSAIR, INC. TO OPERATE AT THE AIRPORT: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN (LESSOR) AND REGIONSAIR, INC. (LESSEE) BY WHICH REGIONSAIR, INC. WILL OPERATE AT THE MORGANTOWN MUNICIPAL AIRPORT.

After the City Manager's explanation, motion by Scafella, second by Byrne, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE ANNULING ONE HUNDRED FEET OF GASTON AVENUE IN THE THIRD WARD: The below entitled Ordinance was presented for first reading:

AN ORDINANCE VACATING, ABANDONING AND ANNULING A PORTION OF A 22' WIDE RIGHT-OF-WAY OF GASTON AVENUE, EXTENDING AND RUNNING A DISTANCE OF APPROXIMATELY ONE HUNDRED FEET FROM ITS INTERSECTION WITH COLLEGE AVENUE, IN THE THIRD WARD OF THE CITY OF MORGANTOWN, MONONGALIA COUNTY, WEST VIRGINIA, NOT USED NOR USEFUL FOR STREET PURPOSES.

After discussion, motion by Miller, second by Scafella, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH HERTZ CORPORATION (LESSEE) AT THE AIRPORT: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN (LESSOR) AND THE HERTZ CORPORATION (LESSEE) REGARDING THE LEASING OF SPACE AT THE MORGANTOWN MUNICIPAL AIRPORT FOR THE OPERATION OF A RENTAL CAR BUSINESS.

Motion by Miller, second by Scafella, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT WITH AVIS CORPORATION (LESSEE) AT THE AIRPORT: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN (LESSOR) AND THE AVIS CORPORATION (LESSEE) REGARDING THE LEASING OF SPACE AT THE MORGANTOWN MUNICIPAL AIRPORT FOR THE OPERATION OF A RENTAL CAR BUSINESS.

Motion by Scafella, second by Byrne, to pass the above entitled Ordinance to second reading. Motion carried 7-0.

CONSIDERATION OF APPROVAL OF A RESOLUTION FOR A GRANT TO RECEIVE FUNDS WHICH WILL PROVIDE OFFICER SALARIES TO CONTINUE A MULTI-JURISDICTIONAL DRUG AND VIOLENT CRIME CONTROL TASK FORCE: The above entitled Resolution was presented for Council's approval.

Motion by Scafella, second by Bane, to approve the above Resolution. Motion carried 7-0.

CONSIDERATION OF APPROVAL OF A RESOLUTION AND ORDINANCE OF THE CITY OF MORGANTOWN DIRECTING THE ISSUANCE OF NOT MORE THAN \$7,000,000 AGGREGATE PRINCIPAL AMOUNT OF TAX INCREMENT REVENUE BONDS (RIVERFRONT

DEVELOPMENT PROJECT), SERIES 2006 A OF THE CITY OF MORGANTOWN TO FINANCE COSTS OF DESIGN, ACQUISITION, CONSTRUCTION AND EQUIPPING OF A NEW PARKING GARAGE, CERTAIN STREETScape AND INFRASTRUCTURE IMPROVEMENTS, AND ALL NECESSARY APPURTENANCES AND RELATED FACILITIES, AND OTHER EXPENSES AND COSTS RELATED THERETO. The above entitled Resolution was presented for Council's approval.

Moved to the July 18, 2006, meeting.

CONSIDERATION OF APPROVAL OF A SUPPLEMENTAL RESOLUTION APPROVING THE PURCHASE OF A SURETY BOND FOR THE SERIES 2006 A BONDS RESERVE ACCOUNT, APPROVING THE EXECUTION AND DELIVERY OF A GUARANTY AGREEMENT, THE SUPPLEMENTATION OF THE ORDINANCE AUTHORIZING THE ORIGINAL ISSUANCE OF THE SERIES 2006 A BONDS AND MAKING OTHER PROVISIONS REQUIRED BY THE PROVIDER OF SUCH SURETY BOND. The above entitled Resolution was presented for Council's approval.

After the City Manager's explanation, motion by Bane, second by Scafella, to approve the above Resolution. Motion carried 7-0.

CITY MANAGERS REPORT:

INFORMATION:

Item No. 1:

The City has recently received the U. S. Census population estimate for West Virginia Cities for July 1, 2005. Morgantown and Class I and II West Virginia City populations compared to the year 2000 are as follows:

<u>CITY</u>	<u>2000 POPULATION</u>	<u>2005 POPULATION ESTIMATE</u>	<u>DIFFERENCE</u>
Morgantown	26,809	28,292	+ 1,483
Charleston	53,421	51,176	- 2,245
Huntington	51,475	49,198	- 2,272
Parkersburg	33,099	32,020	- 1,079
Wheeling	31,419	29,639	- 1,780

Item No. 2:

As per your request, attached is a memo from the Airport Director reporting the status of commercial air service at the Morgantown Airport. As you will read, the full schedule of three, round trip, daily flights Monday through Friday and three, round trip flights on the week-ends will be put in place on July 15, 2006.

NEW BUSINESS:

Item No. 1:

As discussed at the recent Committee of the Whole, I recommend that the following projects be adopted as

part of the National League of Cities Inclusive Communities Program: Channel 15 promotion of Our Monongalia: A History of African Americans in Monongalia County, West Virginia; Update the City's ADA Transition Plan; document the different groups that comprise the City of Morgantown; and survey the composition of City Commissions.

Motion by Bane, second by Byrne, to adopt the projects. Motion carried 7-0.

Item No. 2:

The second attachment is a letter requesting \$3,000 to support the National Youth Sport Program that has been an important annual event in Morgantown for a number of years. This year though the program has experienced significant reductions in federal funding. Given that this program benefits 350 economically disadvantaged children ages ten to sixteen, I recommend that the City join the County Commission and Board of Education in assuring that the program is continued and that the funding request be granted.

Motion by Miller, second by Scafella, to remove \$3,000 from the Escrow Account to support the National Youth Sport Program. Motion carried 7-0.

Item No.3:

The last attachment reports bid results for the Patteson Drive Sidewalk Project. As per the Public Works Director's comments, I recommend that the contract be awarded to the low bidder Mountaineer Contractors for a total price of \$219,725.

After discussion, motion by Spencer, second by Manilla, to award the contract to Mountaineer Contractors. Motion carried 7-0.

CITY CLERK'S REPORT:

No Report.

CITY ATTORNEY'S REPORT:

No Report.

REPORT FROM COUNCIL MEMBERS (Reverse Order):

- | | |
|--------------------|--|
| Councilor Spencer: | Councilor Spencer discussed patriotism; cited parts of a <i>Nation's Cities</i> article on civic engagement; commended BOPARC staff; questioned High Street 4" sidewalks; spoke of pedestrian safety between the two campuses and requested the Airport Advisory meeting be added on monthly calendar. |
| Councilor Byrne: | Councilor Byrne announced future opening of a Sunnyside Up office and commented on reactions of 150 family members and friends to the economic development and cosmopolitan nature of the area. |
| Councilor Miller: | Councilor Miller endorsed civic engagement; observed that the Planning Commission has no jurisdiction over the proposed parking lot in Westover; said that Dorsey's Knob was great and thanked people for opening their homes and gardens for |

the tour.

Councilor Scafella:

Councilor Scafella suggested the Planner notify other communities of possible impacts; observed that the Wiles Hill HVAC system started; and discussed quality of life factors: climate, diversions, economics, education, community assets, health care, housing, public safety, transportation, and urban proximity.

Councilor Manilla:

Councilor Manilla congratulated the Mayor and Deputy Mayor; and suggested crosswalks from parking areas at city parks.

Councilor Bane:

Councilor Bane thanked everyone for their support and compared statistics of local students to those attending the GSA of Fine Arts.

Mayor Justice:

Mayor Justice echoed thank you for the support: we work as a team and covered a meeting with the state VisionShare Board.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 8:30 p.m.

City Clerk

Mayor

***A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.**

FILE COPY

Form 8038-G
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations
Under Internal Revenue Code section 149(e)
See separate Instructions.

OMB No. 1545-0720

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

Part I Reporting Authority
1 Issuer's name: The City of Morgantown
2 Issuer's employer identification number: 55-6000215
3 Number and street: 389 Spruce Street
4 Report number: 3 2006-01
5 City, town, or post office, state, and ZIP code: Morgantown, West Virginia
6 Date of issue: June 30, 2006
7 Name of issue: Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (WVSRF)
8 CUSIP number: N/A
9 Name and title of officer or legal representative: Dan Boroff, City Manager
10 Telephone number: (304) 284-7477

Part II Type of Issue (check applicable box(es) and enter the issue price)
11 Education
12 Health and hospital
13 Transportation
14 Public safety
15 Environment (including sewage bonds) \$ 6,410,191
16 Housing
17 Utilities
18 Other. Describe
19 If obligations are TANs or RANs, check box
20 If obligations are in the form of a lease or installment sale, check box

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.
Table with columns: (a) Final maturity date, (b) Issue price, (c) Stated redemption price at maturity, (d) Weighted average maturity, (e) Yield.
Row 21: June 1, 2028, \$ 6,410,191, \$ 6,410,191, 12.716 years, 2.0126188 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)
Table with columns: Description, Amount.
Row 22: Proceeds used for accrued interest -0-
Row 23: Issue price of entire issue 6,410,191
Row 24: Proceeds used for bond issuance costs 28,000
Row 25: Proceeds used for credit enhancement 20,000
Row 26: Proceeds allocated to reasonably required reserve or replacement fund -0-
Row 27: Proceeds used to currently refund prior issues -0-
Row 28: Proceeds used to advance refund prior issues -0-
Row 29: Total (add lines 24 through 28) 48,000
Row 30: Nonrefunding proceeds of the issue 6,362,191

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)
31 Enter the remaining weighted average maturity of the bonds to be currently refunded N/A years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded N/A years
33 Enter the last date on which the refunded bonds will be called N/A
34 Enter the date(s) the refunded bonds were issued N/A

Part VI Miscellaneous
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) -0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions) -0-
b Enter the final maturity date of the guaranteed investment contract
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units -0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the name of the issuer and the date of the issue
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box
40 If the issuer has identified a hedge, check box

RECEIVED AUG 7 2006

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.
Sign Here: Ronald Justice, Mayor
Signature of issuer's authorized representative: [Signature]
Date: June 30 2006

ISSUE: The City of Morgantown Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program)

ADDRESS: 389 Spruce Street, Morgantown, West Virginia 26505 COUNTY: Monongalia

PURPOSE OF ISSUE: New Money: X
 Refunding: _____ REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: June 30, 2006 CLOSING DATE: June 30, 2006

ISSUE AMOUNT: \$6,410,191 RATE: 2% / 1% Administration Fee

1ST DEBT SERVICE DUE: September 1, 2008 1ST PRINCIPAL DUE: September 1, 2008

1ST DEBT SERVICE AMOUNT: \$97,415.96 PAYING AGENT: WV Municipal Bond Commission

BOND COUNSEL: Step toe & Johnson
 Contact Person: Vincent A. Collins, Esq.
 Phone: (304) 598-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
 Contact Person: Samme L. Gee, Esq.
 Phone: (304) 340-1318

CLOSING BANK: Branch Banking and Trust Company
 Contact Person: Ms. Kimberly Barnum
 Phone: (304) 599-6200

ESCROW TRUSTEE: _____
 Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: James L. Green, P.E.
 Position: General Manager - Morgantown Utility Board
 Phone: (304) 292-8443

OTHER: WV Department of Environmental Protection
 Contact Person: Michael Johnson, P.E.
 Function: Program Manager
 Phone: (304) 926-0495

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

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

NOTES: Series 2006 A Bonds Reserve Account funded with surety bond from [Ambac Assurance Corporation] at closing.

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

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 specified 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.

SURETY BOND

Ambac Assurance Corporation

Statutory Office:
c/o CT Corporation
44 East Mifflin Street
Madison, Wisconsin 53703

Administrative Office:
One State Street Plaza
New York, New York 10004
Telephone: (212) 668-0340

Policy No. SB2334BE

Ambac Assurance Corporation ("Ambac"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments which are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and which are required to be made by or on behalf of the City of Morgantown, West Virginia (the "Obligor") to the West Virginia Municipal Bond Commission or any successor thereto as paying agent for the Obligations (the "Paying Agent"), as such payments are due by the Obligor but shall not be so paid pursuant to the Bond Ordinance of the Obligor, dated as of April 4, 2006 (the "Ordinance"), by and between the Obligor and the Paying Agent, authorizing the issuance of \$6,410,191 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006A (West Virginia SRF Program) (the "Obligations") of said Obligor and providing the terms and conditions for the issuance of said Obligations; provided that the amount available at any particular time to be paid to the Paying Agent under the terms hereof shall not exceed the Surety Bond Coverage, defined herein as the lesser of \$389,660 or the Reserve Requirement for the Obligations, as that term is defined in the Ordinance (the "Reserve Requirement"). The Surety Bond Coverage shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable Paying Agent, the Obligor or any designee of the Obligor for such purpose. The term "Owner" shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment of the Obligations.

2. Upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due as required by the Ordinance has not been made to the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac, Ambac will make a deposit of funds in an account with the Paying Agent or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, or telegram of the executed Demand for Payment c/o the General Counsel of Ambac. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond,

Ambac shall give notice to the Paying Agent, as promptly as reasonably practicable that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

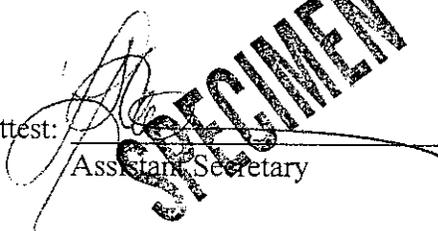
4. The amount payable by Ambac under this Surety Bond pursuant to a Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by Ambac hereunder and will be reinstated to the extent of each reimbursement of Ambac by the Obligor pursuant to Article II of the Guaranty Agreement, dated as of July 27, 2006 (the "Guaranty Agreement"), by and between Ambac and the Obligor; provided, that in no event shall such reinstatement exceed the Surety Bond Coverage. Ambac will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Guaranty Agreement and such reinstatement shall be effective as of the date Ambac gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2. The Surety Bond Coverage shall be automatically reduced to the extent that the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Ordinance.

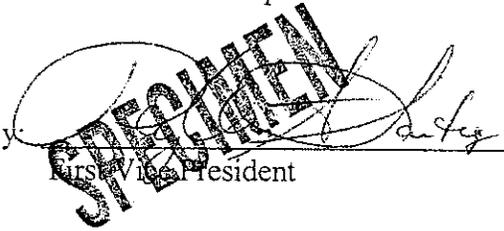
5. Any service of process on Ambac may be made to Ambac or the office of the General Counsel of Ambac and such service of process shall be valid and binding as to Ambac. During the term of its appointment, General Counsel will act as agent for the acceptance of service of process and its offices are located at One State Street Plaza, New York, New York 10004, Telephone: (212) 668-0340.

6. This Surety Bond is noncancelable for any reason. The term of this Surety Bond shall expire on the earlier of (i) January 1, 2027 or (ii) the date on which the Obligor, to the satisfaction of Ambac, has made all payments required to be made on the Obligations pursuant to the Ordinance. The premium on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

7. This Surety Bond shall be governed by and interpreted under the laws of the State of Wisconsin, and any suit hereunder in connection with any payment may be brought only by the Paying Agent within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and Ambac has failed to make such payment or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to Ambac a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

IN WITNESS WHEREOF, Ambac has caused this Surety Bond to be executed and attested on its behalf this 28th day of July, 2006.

Attest: 
Assistant Secretary

Ambac Assurance Corporation
By: 
First Vice President

Attachment 1

Surety Bond No. SB2334BE

DEMAND FOR PAYMENT

, 20__

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Reference is made to the Surety Bond No. SB2334BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) Payment by the Obligor to the Paying Agent was due on _____ [a date not less than one (1) day prior to the applicable payment date for the Obligations] under the Ordinance attached hereto as Exhibit A, in an amount equal to \$_____ (the "Amount Due"). The Amount Due is payable to the Owners of the Obligations on _____.

(b) \$_____ has been deposited in the _____ [fund/account] from moneys paid by the Obligor or from other funds legally available to the Paying Agent for payment to the Owners of the Obligations, which amount is \$_____ less than the Amount Due (the "Deficiency").

(c) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (up to but not in excess of the Surety Bond Coverage) be made by Ambac under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond:

_____ [Paying Agent's Account]

[Paying Agent]

By: _____

Its: _____

Attachment 2

Surety Bond No. SB2334BE

NOTICE OF REINSTATEMENT

, 20__

[Paying Agent]

[Address]

Reference is made to the Surety Bond No. SB2334BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

Ambac hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$ _____, subject to a reduction as the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Ordinance.

AMBAC ASSURANCE CORPORATION

Attest: _____
Title:

By: _____
Title:

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
212.668.0340

A member of Ambac Financial Group, Inc.

COMMITMENT FOR SURETY BOND

Obligor: **THE CITY OF MORGANTOWN, WEST VIRGINIA**

Commitment Number: **SB30526**

Commitment Date: June 23, 2006

Expiration Date: September 21, 2006

Obligations: Combined Waterworks and Sewerage system Revenue Bonds, Series 2006A (West Virginia SRF Program), maturing on January 1, 2027.

Surety Amount: \$389,660*

Insurance premium: \$20,000.00

Ambac Assurance Corporation (Ambac) A Wisconsin Stock Insurance Corporation hereby commits to issue a Surety Bond (the "Commitment") relating to the Debt Service Reserve Fund for the above-described debt obligations (the "Obligations"), substantially in the form attached hereto, subject to the terms and conditions contained herein or added hereto (see conditions set forth herein).

To extend this Commitment after the expiration date set forth above, an oral (subsequently confirmed in writing) or written request for renewal must be submitted to Ambac at least one business day prior to such expiration date. Ambac reserves the right to refuse to grant a renewal or may renew this Commitment subject to additional terms and conditions.

The Surety Bond (the "Surety") shall be issued if the following conditions are satisfied:

1. Ambac shall receive an opinion of counsel or a certificate of an officer of the Obligor or ultimate obligor stating that the information supplied to Ambac in order to obtain the Surety and the documents to be executed and delivered in connection with the issuance and sale of the Obligations do not contain any untrue or misleading statement of a material fact and do not fail to state a material fact required to be stated therein or necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any purchaser of the Obligations, otherwise required, not to be required to purchase the Obligations on the date scheduled for the issuance and delivery thereof.
3. There shall be no material change in or affecting the Obligations, the Obligor or ultimate obligor (including, but not limited to, the security for the Obligations or the proposed debt service structure for the Obligations), the Official Statement, if any (or any similar disclosure document), including any financial statements therein contained, the financing documents or any legal opinions to be executed and delivered in connection with the issuance and sale of the Obligations, or any other information submitted to Ambac in order to obtain the Surety, from the descriptions or schedules thereof heretofore provided to Ambac at any time prior to the issuance of the Obligations and there shall not have occurred

or come to the attention of the Obligor or purchaser any material change of fact or law adverse to the interests of Ambac, unless approved by Ambac in writing.

4. Unless expressly waived in whole or in part by Ambac, the financing documents shall contain **a)** the terms and provisions provided in the Ambac STANDARD PACKAGE transmitted herewith, and **b)** any provisions or comments given orally by Ambac.
5. Ambac will prepare, and the Obligor will execute, a Guaranty Agreement in the form (with such revisions of Ambac and the Obligor agree to) contained in the Standard Package.
6. **NO LATER THAN FIVE (5) BUSINESS DAYS PRIOR TO CLOSING**, Ambac shall be provided with:
 - a) the final debt service schedule; and
 - b) proposed copies of all financing documents; and
 - c) the proposed official statement (or any similar disclosure document); and
 - d) the proposed various legal opinions delivered in connection with the issuance and sale of the Obligations, including, without limitation, the unqualified approving opinion of bond counsel rendered by a law firm acceptable to Ambac. The form of bond counsel's approving opinion must be acceptable to Ambac. The form of bond counsel's approving opinion shall indicate that the Obligor must comply with certain covenants under and pursuant to the Internal Revenue Code of 1986, as amended and that the Obligor has the legal power to comply with such covenants. Ambac shall also be provided with executed copies of all financing documents, including but not limited to the Official Statement (or any similar disclosure document) and the various legal opinions rendered. The executed opinion of bond counsel shall be addressed to Ambac or in lieu thereof, a letter shall be provided to Ambac to the effect that Ambac may rely on such opinion as if it were addressed to Ambac and such letter shall be delivered with an executed opinion; and
 - e) any provisions of the Purchase Contract or Bond Purchase Agreement referencing Ambac or the Obligor of the Surety in general. If such provisions are not received in a timely manner or if provisions are inserted in the Purchase Contract or Bond Purchase Agreement without Ambac's knowledge, compliance with such provisions may not be possible; and
 - f) a letter from bond counsel or counsel to the purchaser or otherwise from another counsel acceptable to Ambac to the effect that the financing documents, the Official Statement (or any similar disclosure document) and the various legal opinions executed and delivered in connection with the issuance and sale of the Obligations, are substantially in the forms previously submitted to Ambac for review, with only such amendments, modifications or deletions as may be approved by Ambac; and
 - g) a copy of any insurance policy, surety bond, guaranty or indemnification or any other policy, contract or agreement which provides for payment of all or any portion of the debt, the costs of reconstruction, the loss of business income or in any way secures, ensures or enhances the income stream anticipated to pay the Obligations.
7. Evidence of wire transfer of an amount equal to the payment for the Surety at the time of the issuance and delivery of the Obligations.
8. An opinion addressed to Ambac by counsel acceptable to Ambac that the Guaranty Agreement is a legal, valid and binding obligation of the Obligor thereof, enforceable in accordance with its terms.


Authorized Officer

June 19, 2006

**AMBAC ASSURANCE STANDARD PACKAGE
FOR TRANSACTIONS SUPPORTED BY AN
AMBAC ASSURANCE CORPORATION
SURETY BOND WITHOUT DEPOSIT AGREEMENT**

TO: Obligor, Obligor's Counsel, Managing Underwriter, Bond Counsel and Underwriter's Counsel

RE: Preparation of Financing Documents for Issues the Debt Service Reserve Fund of which is to be supported by an Ambac Assurance Corporation ("Ambac Assurance") Surety Bond

The attached materials have been prepared to assist you in the preparation of documents for issues the Debt Service Reserve Fund of which is to be supported by an Ambac Assurance Surety Bond. Please modify the attached exhibits where appropriate. If desired, these provisions can be incorporated into one section entitled "Debt Service Reserve Fund Ambac Assurance Surety Bond" within the applicable Indenture, Resolution, Ordinance, Order or any other operative financing document (such applicable financing document will be referred to herein as the "Financing Document"). Please be advised that the provisions contained in this package are in addition to the conditions listed on the commitment for the Ambac Surety Bond and any other comments or changes that may be required by the Ambac Assurance personnel working on this financing. **This package and the documents contained herein are not for use in Virginia financings.** If you have any questions, please call one of the following persons: Nicholas A. Concilio, Dwight Kwa, Stephen M. Ksenak or David N. Abramowitz (Public Finance) and Jean Kim, Juan B. Roman, or Kevin J. Doyle (Specialized Finance).

- Definitions (Exhibit A).
- Ambac Assurance consent required for changes to underlying documentation and exercise of remedies upon default (Exhibit B).
- Notices/Information to be given to Ambac Assurance (Exhibit C).
- Description of Ambac Assurance payment procedure (Exhibit D).
- Ambac Assurance Official Statement Disclosure (Exhibit E).
- Form of Ambac Assurance Opinion (Exhibit F).
- Form of Surety Certificate of Insurer (Exhibit G)
- Form of Surety Bond (Exhibit H).
- Form of Guaranty Agreement (Exhibit I).
- Ambac Assurance Corporation Wiring Instructions (Exhibit J).

EXHIBIT A

DEFINITIONS

The following definitions are those which Ambac Assurance recommends for the Financing Document:

“Ambac Assurance” shall mean Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company.

“Surety Bond” shall mean the surety bond issued by Ambac Assurance guaranteeing certain payments into the Debt Service Reserve Fund with respect to the [Obligations] as provided therein and subject to the limitations set forth therein.

EXHIBIT B

AMBAC ASSURANCE CONSENT LANGUAGE

Ambac Assurance requires that the Financing Document contain the following consent language:

A. Consent of Ambac Assurance.

Any provision of this [Financing Document] expressly recognizing or granting rights in or to Ambac Assurance may not be amended in any manner which affects the rights of Ambac Assurance hereunder without the prior written consent of Ambac Assurance. Ambac Assurance reserves the right to charge the Obligor* a fee for any consent or amendment to the Financing Document while the Surety Bond is outstanding.

B. Consent of Ambac Assurance in lieu of Holder Consent.

Unless otherwise provided in this Section, Ambac Assurance’s consent shall be required in lieu of Holder consent, when required, for the following purposes: (i) execution and delivery of any supplemental [Financing Document] or any amendment, supplement or change to or modification of the [Loan Agreement, Lease Agreement, etc.] (ii) removal of the Trustee or Paying Agent or selection and appointment of any successor trustee or paying agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Holder consent.

* or appropriate obligor on the [Obligations].

EXHIBIT C

NOTICES/INFORMATION TO BE GIVEN TO AMBAC ASSURANCE

Ambac Assurance requires that the following notice provisions be incorporated into the Financing Document:

Notices to be sent to the attention of the SURVEILLANCE DEPARTMENT:

- A. While the Surety Bond is in effect, the Obligor* or the Trustee, as appropriate, shall furnish to Ambac Assurance, upon request, the following:
 - (a) a copy of any financial statement, audit and/or annual report of the Obligor*
 - (b) such additional information it may reasonably request.

Upon request, such information shall be delivered at the Obligor's* expense to the attention of the Surveillance Department, unless otherwise indicated.

- B. A copy of any notice to be given to the registered owners of the [Obligations], including, without limitation, notice of any redemption of or defeasance of [Obligations], and any certificate rendered pursuant to this [Financing Document] relating to the security of the [Obligations]. .
- C. To the extent that the Obligor* has entered into a continuing disclosure agreement with respect to the [Obligations], Ambac Assurance shall be included as party to be notified.

Notices to be sent to the attention of the GENERAL COUNSEL OFFICE:

- A. The Trustee or Obligor* [as appropriate] shall notify Ambac Assurance of any failure of the Obligor* to provide relevant notices, certificates, etc.
- B. Notwithstanding any other provision of this [Financing Document], the Trustee shall immediately notify Ambac Assurance if at any time there are insufficient moneys to make any payments of principal and interest as required and immediately upon the occurrence of (i) any event of default hereunder or (ii) any payment default under any related security agreement.

[For transactions on which Ambac Assurance is also providing a swap surety bond:

Notices to be sent to the attention of TREASURY OPERATIONS:

- A. Notice of all interest rate determinations shall be promptly delivered to Ambac Assurance, attention: Treasury Operations, Policy # _____]

Other Information to be given to Ambac Assurance:

The Obligor will permit Ambac Assurance to discuss the affairs, finances and accounts of the Obligor or any information Ambac Assurance may reasonably request regarding the security for the [Obligations] with appropriate officers of the Obligor. The Trustee or Obligor, as appropriate, will permit Ambac Assurance to [have access to the Project and] have access to and to make copies of all books and records relating to the Obligations at any reasonable time.

*or appropriate obligor on the [Obligations].

Ambac Assurance shall have the right to direct an accounting at the Obligor's expense, and the Obligor's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from Ambac Assurance shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Obligations.

[FOR CALIFORNIA AND INDIANA (ABATEMENT STYLE) LEASES] The Trustee or Obligor [as appropriate] shall annually certify to Ambac that the insurance policies required by Section ___ of the [Lease/Indenture] are in full force and effect, and will provide Ambac with copies of such policies upon request.

EXHIBIT D

PAYMENT PROCEDURE PURSUANT TO THE SURETY BOND

The following language sets out standard procedure for payments under the Surety Bond. Modifications should be made to take into account definitions used in the Financing Document (e.g. Debt Service Reserve Fund, Revenues, Additional Funding Instrument). Specific or different payment procedure required by the Financing Document must be discussed with Ambac Assurance.

- A. As long as the Surety Bond shall be in full force and effect, the Obligor, Trustee and Paying Agent, if appropriate, agree to comply with the following provisions:
- (a) In the event and to the extent that moneys on deposit in the Fund/ Account, plus all amounts on deposit in and credited to the [Debt Service Reserve Fund] in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac of a demand for payment in the form attached to the Surety Bond as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due under the [Financing Document] has not been made to the Paying Agent; or (ii) the payment date of the [Obligations] as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac, Ambac will make a deposit of funds in an account with the Paying Agent or its successor, in New York, New York, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent under the [Financing Document] (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the [Debt Service Reserve Fund], in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the "Additional Funding Instrument"), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.
 - (b) the Trustee, or Paying Agent, if appropriate, shall, after submitting to Ambac Assurance the Demand for Payment as provided in (a) above, make available to Ambac Assurance all records relating to the Funds and Accounts maintained under this [Financing Document].
 - (c) the Trustee, or Paying Agent, if appropriate, shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Debt Service Reserve Fund to the extent of moneys received pursuant to such Demand.

- (d) the [Debt Service Reserve Fund] shall be replenished in the following priority: (i) [principal and interest on the Surety Bond shall be paid from first available Revenues] [principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available Revenues on a pro rata basis]; (ii) after all such amounts are paid in full, amounts necessary to fund the [Debt Service Reserve Fund] to the required level, after taking into account the amounts available under the Surety Bond [and the Additional Funding Instrument] shall be deposited from next available Revenues.

EXHIBIT E

OFFICIAL STATEMENT DISCLOSURE FOR AMBAC ASSURANCE CORPORATION SURETY BOND

Security For The [Obligations]

Debt Service Reserve Fund Ambac Assurance Surety Bond

The [Financing Document] requires the establishment of a Debt Service Reserve Fund in an amount equal to \$ >. The [Financing Document] authorizes the Obligor to obtain a Surety Bond in place of fully funding the Debt Service Reserve Fund. Accordingly, application has been made to Ambac Assurance Corporation (“Ambac Assurance”) for the issuance of a Surety Bond for the purpose of funding [a portion of] the Debt Service Reserve Fund (see the “[Financing Document]“ herein). The [Obligations] will only be delivered upon the issuance of such Surety Bond. The premium on the Surety Bond is to be fully paid at or prior to the issuance and delivery of the [Obligations]. The Surety Bond provides that upon the later of (i) one (1) day after receipt by Ambac Assurance of a demand for payment executed by the [Trustee/Paying Agent/Bond Registrar] certifying that provision for the payment of principal of or interest on the [Obligations] when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to Ambac Assurance, Ambac Assurance will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the [Obligations], but in no event exceeding the Surety Bond Coverage, as defined in the Surety Bond.

Pursuant to the terms of the Surety Bond, the Surety Bond Coverage is automatically reduced to the extent of each payment made by Ambac Assurance under the terms of the Surety Bond and the Obligor is required to reimburse Ambac Assurance for any draws under the Surety Bond with interest at a market rate. Upon such reimbursement, the Surety Bond is reinstated to the extent of each principal reimbursement up to but not exceeding the Surety Bond Coverage. The reimbursement obligation of the Obligor is subordinate to the Obligor’s obligations with respect to the [Obligations].

In the event the amount on deposit, or credited to the Debt Service Reserve Fund, exceeds the amount of the Surety Bond, any draw on the Surety Bond shall be made only after all the funds in the Debt Service Reserve Fund have been expended. In the event that the amount on deposit in, or credited to, the [Debt Service Reserve Fund], in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, Surety Bond or other such funding instrument (the “Additional Funding Instrument”), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency. The [Financing Document] provides that the [Debt Service Reserve Fund] shall be replenished in the following priority: (i) [principal and interest on the Surety Bond shall be paid from first available Revenues] [principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available Revenues on a pro rata basis]; (ii) after all such amounts are paid in full, amounts necessary to fund the [Debt Service Reserve Fund] to the required level, after taking into account the amounts available under the Surety Bond [and the Additional Funding Instrument] shall be deposited from next available Revenues.

The Surety Bond does not insure against nonpayment caused by the insolvency or negligence of the Trustee or the Paying Agent.

[In addition, one of the following paragraphs may apply:]

ADDITIONAL PARAGRAPH FOR CALIFORNIA TRANSACTIONS:

In the event that Ambac Assurance were to become insolvent, any claims arising under this Surety Bond would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

ADDITIONAL PARAGRAPH FOR CONNECTICUT TRANSACTIONS:

In the event that Ambac were to become insolvent, any claims arising under the Surety Bond would be excluded from coverage by the Connecticut Insurance Guaranty Association.

ADDITIONAL PARAGRAPH FOR FLORIDA TRANSACTIONS:

The insurance provided by the Surety Bond is not covered by the Florida Insurance Guaranty Association.

ADDITIONAL PARAGRAPH FOR NEW YORK TRANSACTIONS:

The insurance provided by the Surety Bond is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

FOR OKLAHOMA TRANSACTIONS, AN ENDORSEMENT TO THE SURETY BOND IS REQUIRED, WHICH SPECIFIES THE FOLLOWING;

WARNING: Any person who knowingly, and with intent to injure, defrauds or deceives any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information, is guilty of a felony.

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$9,417,000,000 (unaudited) and statutory capital of approximately \$5,879,000,000 (unaudited) as of March 31, 2006. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an [obligation] by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such [obligation] and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the [Obligations]. **[THE FOLLOWING MUST BE INCLUDED IN ANNUAL APPROPRIATION LEASE TRANSACTION:** No representation is made by Ambac Assurance regarding the federal income tax treatment of payments that are made by Ambac Assurance under the terms of the Policy due to nonappropriation of funds by the Lessee]

Ambac Assurance makes no representation regarding the [Obligations] or the advisability of investing in the [Obligations] and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "_____".

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

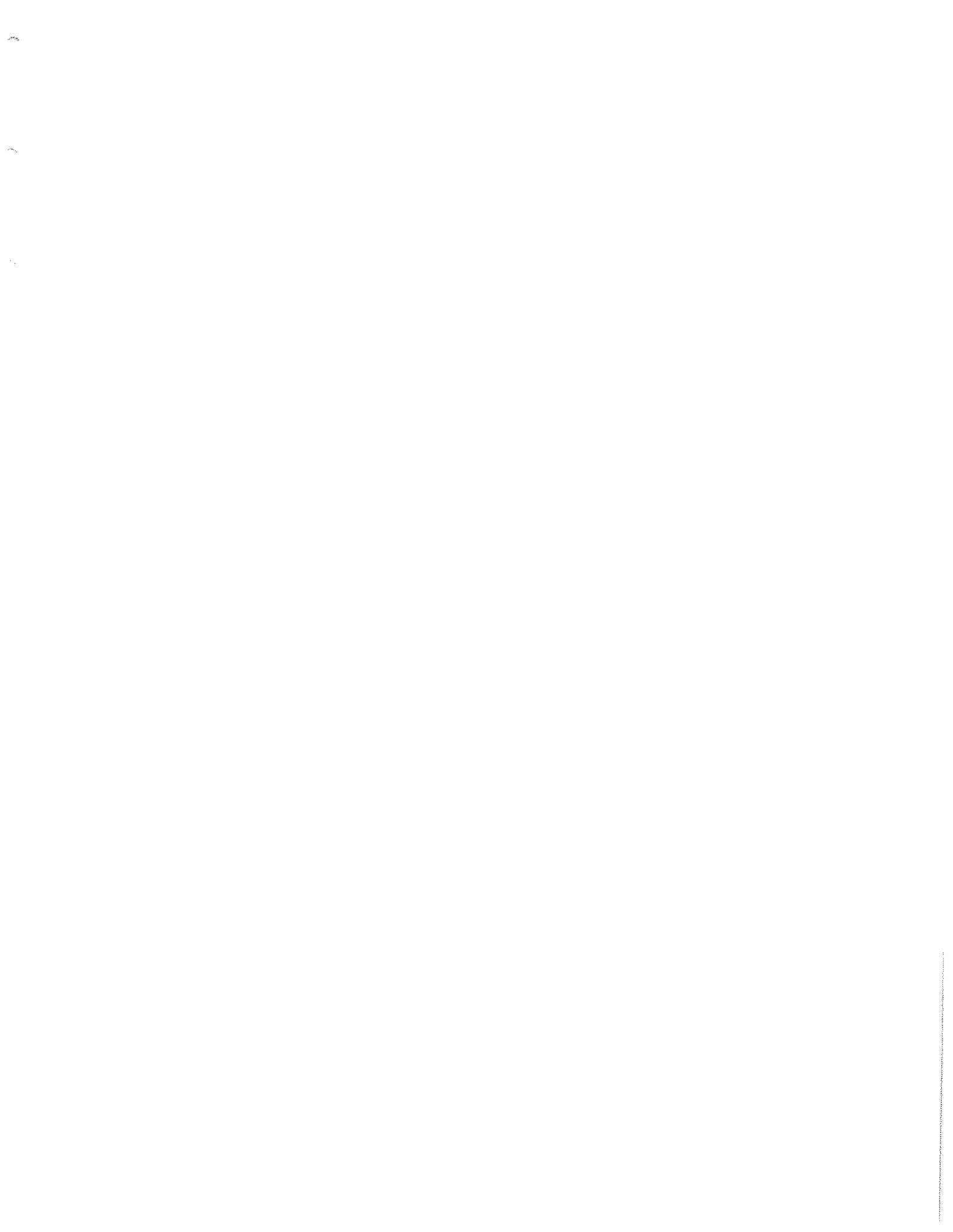
Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York, 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006;
2. The Company's Current Report on Form 8-K dated and filed on April 26, 2006; and
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2006 and filed on May 10, 2006.8

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**Available Information**".



GUARANTY AGREEMENT

GUARANTY AGREEMENT dated as of July 28, 2006 by and between THE CITY OF MORGANTOWN, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia (the "Obligor"); and AMBAC ASSURANCE CORPORATION ("Ambac"), a Wisconsin domiciled stock insurance corporation.

WITNESSETH:

WHEREAS, the Obligor has or will issue \$6,410,191 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006A (West Virginia SRF Program) (the "Obligations"); and

WHEREAS, Ambac will issue its Surety Bond (the "Surety Bond"), substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Obligor subject to the terms and limitations of the Surety Bond; and

WHEREAS, to induce Ambac to issue the Surety Bond, the Obligor has agreed to pay the premium for such Surety Bond and to reimburse Ambac for all payments made by Ambac under the Surety Bond from Legally Available Funds, all as more fully set forth in this Agreement; and

WHEREAS, the Obligor understands that Ambac expressly requires the delivery of this Agreement as part of the consideration for the execution by Ambac of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Obligor and Ambac agree as follows:

ARTICLE I

DEFINITIONS; SURETY BOND

Section 1.01. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, the terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

- (a) Ambac will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.
- (b) The maximum liability of Ambac under the Surety Bond and the coverage and term thereof shall be subject to and limited by the Surety Bond Coverage and the terms and conditions of the Surety Bond.
- (c) Payments made under the Surety Bond will reduce the Surety Bond Coverage to the extent of that payment, provided that the Surety Bond Coverage shall be automatically reinstated to the extent of the reimbursement of principal by the Obligor of any payment made by Ambac. Ambac shall notify the Paying Agent in writing no later than the fifth (5th) day following the reimbursement by the Obligor that the Surety Bond has been reinstated to the extent of such reimbursement.

Section 1.03. Premium. In consideration of Ambac agreeing to issue the Surety Bond hereunder, the Obligor hereby agrees to pay or cause to be paid from Legally Available Funds the premium set forth in the Commitment.

Section 1.04. Certain Other Expenses. The Obligor will pay all reasonable fees and disbursements of Ambac's counsel related to any modification of this Agreement or the Surety Bond.

ARTICLE II

REIMBURSEMENT OBLIGATIONS OF OBLIGOR AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Surety Bond and Expenses.

(a) The Obligor will reimburse Ambac, from Legally Available Funds within the Reimbursement Period, without demand or notice by Ambac to the Obligor or any other person, to the extent of each Surety Bond Payment with interest on each Surety Bond Payment from and including the date made to the date of the reimbursement by the Obligor at the Effective Interest Rate. The Obligor agrees that it shall make monthly level principal repayments for each Surety Bond Payment during the Reimbursement Period. Interest on each Surety Bond Payment shall be paid monthly during the Reimbursement Period. To the extent that interest payments due hereunder are not paid on a monthly basis, or are not paid as each principal repayment is made, interest shall accrue on such unpaid amounts at a rate equal to the Effective Interest Rate.

(b) The Obligor also agrees to reimburse Ambac, from Legally Available Funds, immediately and unconditionally upon demand for all reasonable expenses incurred by Ambac in connection with the Surety Bond and the enforcement by Ambac of the Obligor's obligations under this Agreement together with interest on all such expenses from and including the date which is 30 days from the date a statement for such expenses is received by the Obligor incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

Section 2.02. Allocation of Payments. Ambac and the Obligor hereby agree that each repayment of principal received by Ambac from or on behalf of the Obligor as a reimbursement to Ambac as required by Section 2.01(a) hereof shall be applied to reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment. Any interest payable pursuant to Section 2.01(a) hereof shall not be applied to the reinstatement of any portion of the Surety Bond Coverage.

Section 2.03. Security for Payments; Instruments of Further Assurance. To the extent, but only to the extent, that the Ordinance pledges to the Owners or any paying agent therefor, or grants a security interest or lien in or on any collateral property, revenue or other payments ("Collateral and Revenues") in order to secure the Obligations or provide a source of payment for the Obligations, the Obligor hereby grants to Ambac a security interest in or lien on, as the case may be, and pledges to Ambac all such Collateral and Revenues as security for payment of all amounts due hereunder, which security interest, lien and/or pledge created or granted under this Section 2.03 shall be subordinate only to the interests of the Owners and any paying agent therefor in such Collateral and Revenues. The Obligor agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all financing statements, if applicable, and all other further instruments as may be required by law or as shall reasonably be requested by Ambac for the perfection of the security interest, if any, granted under this Section 2.03 and for the preservation and protection of all rights of Ambac under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations of the Obligor hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, irrespective of:

- (a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Ordinance or the Obligations;
- (b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder;
- (c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Obligor with respect to the Obligations;
- (d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

Section 2.05. Obligations on Parity with Other First Lien Obligations of the Obligor. Notwithstanding any provision of this Guaranty Agreement to the contrary, the obligations of the Obligor under this Guaranty Agreement, specifically including, but not limited to, any reimbursement obligations and pledge of security in Collateral and Revenues, shall be on a parity with the obligations of the Obligor to make payments or provide security under Other Guaranty Agreements or make payments into any reserve funds, for any bonds of the Obligor which are issued on a parity with the bonds, the reserve fund for which is funded with the Surety Bond which is the subject of this Guaranty Agreement. As used herein, "Other Guaranty Agreements" means agreements providing for reimbursement by the Obligor of amounts drawn on surety bonds or other instruments serving the same purpose as the Surety Bond.

ARTICLE III

EVENTS OF DEFAULT; REMEDIES

Section 3.01. Events of Default. The following events shall constitute Events of Default hereunder:

- (a) The Obligor shall fail to pay to Ambac any amount payable under Sections 1.04 and 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period;
- (b) Any material representation or warranty made by the Obligor hereunder or under the Ordinance or any statement in the application for the Surety Bond or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Surety Bond or herewith shall have been materially false at the time when made;
- (c) Except as otherwise provided in this Section 3.01, the Obligor shall fail to perform any of its other obligations under this Agreement, provided that such failure continues for more than thirty (30) days after receipt by the Obligor of notice of such failure to perform;
- (d) The Obligor shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Obligor or for a substantial part of its

property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Obligor, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property; and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for thirty (30) days.

Section 3.02. Remedies. If an Event of Default shall occur and be continuing, then Ambac may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or any related instrument and enforce any obligation, agreement or covenant of the Obligor under this Agreement; provided, however, that Ambac may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. All rights and remedies of Ambac under this Section 3.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

ARTICLE IV

SETTLEMENT

Ambac shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against Ambac, the Obligor or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and Ambac's decision thereon, if made in good faith, shall be final and binding upon the Obligor. An itemized statement of payments made by Ambac, certified by an officer of Ambac, or the voucher or vouchers for such payments, shall be prima facie evidence of the liability of the Obligor, and if the Obligor fails to reimburse Ambac, pursuant to subsection (b) of Section 2.01 hereof, upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by Ambac at the rate set forth in subsection (a) of Section 2.01 hereof.

ARTICLE V

MISCELLANEOUS

Section 5.01. Computations. All computations of premium, interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 5.02. Exercise of Rights. No failure or delay on the part of Ambac to exercise any right, power or privilege under this Agreement and no course of dealing between Ambac and the Obligor or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Ambac would otherwise have pursuant to

law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 5.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Obligor and Ambac. The Obligor hereby agrees that upon the written request of the Paying Agent, Ambac may make or consent to issue any substitute for the Surety Bond to cure any ambiguity or formal defect or omission in the Surety Bond which does not materially change the terms of the Surety Bond nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted Surety Bond. Ambac agrees to deliver to the Obligor and to the company or companies, if any, rating the Obligations, a copy of such substituted Surety Bond.

Section 5.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Obligor and Ambac and their respective successors and assigns; provided, that the Obligor may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of Ambac.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 5.05. Other Sureties. If Ambac shall procure any other surety to reinsure the Surety Bond, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Obligor to enforce this Agreement, and "Ambac," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 5.06. Signature on Bond. The Obligor's liability shall not be affected by its failure to sign the Surety Bond nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 5.07. Waiver. The Obligor waives any defense that this Agreement was executed subsequent to the date of the Surety Bond, admitting and covenanting that such Surety Bond was executed pursuant to the Obligor's request and in reliance on the Obligor's promise to execute this Agreement.

Section 5.08. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as either of the parties hereto or the Paying Agent may hereafter specify in writing to the others:

If to the Obligor:

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

If to the Paying Agent:

West Virginia Municipal Bond Commission
8 Capitol Street
Charleston, West Virginia 25301
Attention: Executive Director

If to Ambac:

Ambac Assurance Corporation
One State Street Plaza, 19th Floor
New York, New York 10004
Attention: General Counsel

Section 5.09. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Surety Bond.

Section 5.10. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 5.11. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Obligor and Ambac.

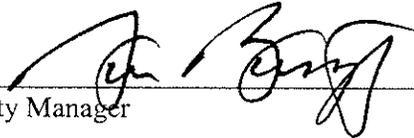
Section 5.12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

(Seal)

THE CITY OF MORGANTOWN

Attest: *Hinda L. Hunt*
Title: City Clerk

By: 
Title: City Manager

AMBAC ASSURANCE CORPORATION

Attest: _____
Title: Assistant Secretary

By: _____
Title: First Vice President and
Assistant General Counsel

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

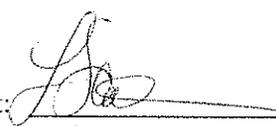
(Seal)

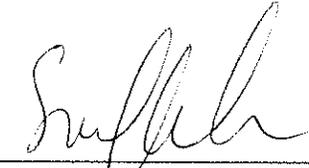
THE CITY OF MORGANTOWN

Attest: _____
Title: City Clerk

By: _____
Title: City Manager

AMBAC ASSURANCE CORPORATION

Attest:  _____
Title: Assistant Secretary

By:  _____
Title: First Vice President and
Assistant General Counsel

ANNEX A
SURETY BOND

SURETY BOND

Ambac Assurance Corporation

Statutory Office:
c/o CT Corporation
44 East Mifflin Street
Madison, Wisconsin 53703

Administrative Office:
One State Street Plaza
New York, New York 10004
Telephone: (212) 668-0340

Policy No. SB2334BE

Ambac Assurance Corporation ("Ambac"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments which are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and which are required to be made by or on behalf of the City of Morgantown, West Virginia (the "Obligor") to the West Virginia Municipal Bond Commission or any successor thereto as paying agent for the Obligations (the "Paying Agent"), as such payments are due by the Obligor but shall not be so paid pursuant to the Bond Ordinance of the Obligor, dated as of April 4, 2006 (the "Ordinance"), by and between the Obligor and the Paying Agent, authorizing the issuance of \$6,410,191 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2006A (West Virginia SRF Program) (the "Obligations") of said Obligor and providing the terms and conditions for the issuance of said Obligations; provided that the amount available at any particular time to be paid to the Paying Agent under the terms hereof shall not exceed the Surety Bond Coverage, defined herein as the lesser of \$389,660 or the Reserve Requirement for the Obligations, as that term is defined in the Ordinance (the "Reserve Requirement"). The Surety Bond Coverage shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable Paying Agent, the Obligor or any designee of the Obligor for such purpose. The term "Owner" shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment of the Obligations.

2. Upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent certifying that payment due as required by the Ordinance has not been made to the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the General Counsel of Ambac, Ambac will make a deposit of funds in an account with the Paying Agent or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, or telegram of the executed Demand for Payment c/o the General Counsel of Ambac. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond,

Ambac shall give notice to the Paying Agent, as promptly as reasonably practicable that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

4. The amount payable by Ambac under this Surety Bond pursuant to a Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by Ambac hereunder and will be reinstated to the extent of each reimbursement of Ambac by the Obligor pursuant to Article II of the Guaranty Agreement, dated as of July 27, 2006 (the "Guaranty Agreement"), by and between Ambac and the Obligor; provided, that in no event shall such reinstatement exceed the Surety Bond Coverage. Ambac will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Guaranty Agreement and such reinstatement shall be effective as of the date Ambac gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2. The Surety Bond Coverage shall be automatically reduced to the extent that the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Ordinance.

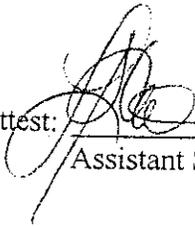
5. Any service of process on Ambac may be made to Ambac or the office of the General Counsel of Ambac and such service of process shall be valid and binding as to Ambac. During the term of its appointment, General Counsel will act as agent for the acceptance of service of process and its offices are located at One State Street Plaza, New York, New York 10004, Telephone: (212) 668-0340.

6. This Surety Bond is noncancelable for any reason. The term of this Surety Bond shall expire on the earlier of (i) January 1, 2027 or (ii) the date on which the Obligor, to the satisfaction of Ambac, has made all payments required to be made on the Obligations pursuant to the Ordinance. The premium on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Obligations.

7. This Surety Bond shall be governed by and interpreted under the laws of the State of Wisconsin, and any suit hereunder in connection with any payment may be brought only by the Paying Agent within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and Ambac has failed to make such payment or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Paying Agent to deliver to Ambac a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

IN WITNESS WHEREOF, Ambac has caused this Surety Bond to be executed and attested on its behalf this 28th day of July, 2006.

Ambac Assurance Corporation

Attest: 
Assistant Secretary

By: 
First Vice President

Attachment 1

Surety Bond No. SB2334BE

DEMAND FOR PAYMENT

, 20__

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Reference is made to the Surety Bond No. SB2334BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) Payment by the Obligor to the Paying Agent was due on _____ [a date not less than one (1) day prior to the applicable payment date for the Obligations] under the Ordinance attached hereto as Exhibit A, in an amount equal to \$ _____ (the "Amount Due"). The Amount Due is payable to the Owners of the Obligations on _____.

(b) \$ _____ has been deposited in the _____ [fund/account] from moneys paid by the Obligor or from other funds legally available to the Paying Agent for payment to the Owners of the Obligations, which amount is \$ _____ less than the Amount Due (the "Deficiency").

(c) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (up to but not in excess of the Surety Bond Coverage) be made by Ambac under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond:

_____ [Paying Agent's Account]
[Paying Agent]
By: _____
Its: _____

Attachment 2

Surety Bond No. SB2334BE

NOTICE OF REINSTATEMENT

[Paying Agent]

, 20__

[Address]

Reference is made to the Surety Bond No. SB2334BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

Ambac hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$ _____, subject to a reduction as the Reserve Requirement for the Obligations is lowered or reduced pursuant to the terms of the Ordinance.

AMBAC ASSURANCE CORPORATION

Attest: _____
Title:

By: _____
Title:

ANNEX B

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms shall have the meaning as set out below.

“Agreement” means this Guaranty Agreement.

“Ambac” has the same meaning as set forth in the first paragraph of this Agreement.

“Collateral and Revenues” has the same meaning as set forth in Section 2.03 hereof.

“Commitment” means the Ambac Commitment for Surety Bond in the form attached hereto as Annex C.

“Debt Service Payments” means those payments required to be made by the Obligor which will be applied to payment of principal of and interest on the Obligations.

“Effective Interest Rate” means the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law; provided, however, that the Effective Interest Rate shall in no event be less than the interest rate on the Obligations.

“Event of Default” shall mean those events of default set forth in Section 3.01 of this Agreement.

“Legally Available Funds” means any moneys legally available to the Obligor for the payment of its obligations, including Gross Revenues (as defined in the Ordinance) derived from the System (as defined in the Ordinance).

“Obligations” has the same meaning as set forth in the second paragraph of this Agreement.

“Obligor” has the same meaning as set forth in the first paragraph of this Agreement.

“Owners” means the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Obligor or any designee of the Obligor for such purpose. The term “Owner” shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

“Ordinance” means the Bond Ordinance of the Obligor relating to the Obligations, dated as of April 4, 2006.

“Paying Agent” has the meaning set forth in the Ordinance.

“Reimbursement Period” means, with respect to a particular Surety Bond Payment, the period commencing on the date of such Surety Bond Payment and ending 12 months following such Surety Bond Payment.

“Reimbursement Rate” means Citibank’s prime rate plus two (2) percent per annum, as of the date of such Surety Bond Payment, said “prime rate” being the rate of interest announced from time to time by Citibank, New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of a 360 day year.

“State” means the State of West Virginia

“Surety Bond” means the surety bond issued by Ambac substantially in the form attached to this Agreement as Annex A.

“Surety Bond Coverage” means the amount available at any particular time to be paid to the Paying Agent under the terms of the Surety Bond, which amount shall never exceed \$389,660.00

“Surety Bond Payment” means an amount equal to the Debt Service Payment less (i) that portion of the Debt Service Payment paid by the Obligor, and (ii) other funds legally available to the Paying Agent for payment to the Owners, all as certified by the Paying Agent in a demand for payment rendered pursuant to the terms of the Surety Bond.

ANNEX C
COMMITMENT

John Stump

From: John Stump
Sent: Thursday, July 27, 2006 12:17 PM
To: Stump, John, sgee@jacksonkelly.com, SKsenak@ambac.com
Cc: RMurphy@ambac.com
Subject: Re: City of Morgantown

Thanks for the help!

-----Original Message-----

From: "Ksenak, Stephen" <SKsenak@ambac.com>
To: SGEE@jacksonkelly.com <SGEE@jacksonkelly.com>
John Stump <StumpJC@steptoe-johnson.com>
CC: Raymond Murphy <RMurphy@ambac.com>
Creation Date: 7/27 11:48 am
Subject: RE: City of Morgantown

Yes, we agree and understand the provision to work in the way you've described.

Stephen M. Ksenak * Ambac Assurance Corporation * One State Street Plaza
* New York, New York 10004 * 212/208-3128 (tel) * 212/208-3384 (fax)

From: Murphy, Raymond
Sent: Thursday, July 27, 2006 11:42 AM
To: Ksenak, Stephen
Subject: FW: City of Morgantown

From: John Stump [mailto:stumpjc@steptoe-johnson.com]
Sent: Thursday, July 27, 2006 11:39 AM
To: Murphy, Raymond
Cc: SGEE@jacksonkelly.com
Subject: City of Morgantown

Ray:

Counsel for the lender, Samme Gee of Jackson Kelly, and I sat down this morning and reviewed the changes suggest by your counsel. In general, Samme and I are comfortable with the language and we are ready to proceed with the closing, however, we would like some clarification as to the suggested language. Samme and I read the language to provide for parity payments to reimburse any surety bond, or similar obligation, or a cash funded reserve account. Does AMBAC agree?

Thanks. John

John C. Stump, Esquire
Steptoe & Johnson PLLC
P.O. Box 1588 (25326)
707 Virginia Street, East
Charleston, West Virginia 25301
Telephone: 304.353.8196
Mobile: 304.549.8196
Facsimile: 304.353.8181
Email: john.stump@steptoe-johnson.com
<blocked::mailto:john.stump@steptoe-johnson.com>

Website: www.steptoe-johnson.com <http://www.steptoe-johnson.com/>

Home:
153 Whispering Woods
Charleston, West Virginia 25304
Telephone: 304.925.1838

Facsimile: 304.925.6564
Email: papa2three@hotmail.com

CONFIDENTIALITY NOTE:

This e-mail and any attachments are confidential and may be protected by legal privilege. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of this e-mail or any attachment is prohibited. If you have received this e-mail in error, please notify us immediately by returning it to the sender and delete this copy from your system. Thank you for your cooperation.

IRS CIRCULAR 230 NOTICE: Recent revisions to IRS Circular 230 require that certain steps be taken by a tax advisor before his or her written tax advice may be relied upon to avoid IRS penalties. Those steps, which generally are time-consuming and result in substantial additional legal fees, were not undertaken in connection with any tax advice which may appear in this communication. Accordingly, this communication was not written or intended by the sender or Steptoe & Johnson PLLC, to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties that may be imposed. Further, any written statement contained in this communication relating to a federal tax transaction or matter may not be used by any person to support the promotion or marketing of, or to recommend, any federal tax transaction or matter addressed in this communication.

Steptoe & Johnson PLLC

July 27, 2006

City of Morgantown, West Virginia
389 Spruce Street
Charleston, WV 25301

Steptoe & Johnson PLLC
707 Virginia Street, East
Morgantown, WV 26505

Ambac

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a First Vice President and an Assistant General Counsel of Ambac Assurance Corporation, a Wisconsin stock insurance corporation ("Ambac Assurance"), in connection with the issuance by Ambac Assurance of a certain Surety Bond, effective as of the date hereof (the "Surety"), guaranteeing payment of an amount not to exceed \$389,660 to fund the Reserve Requirement (as defined in the Surety) for the \$6,410,191 City of Morgantown, West Virginia (the "Obligor") Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated their date of delivery (the "Obligations").

In connection with my opinion herein, I have examined the Surety and such statutes, documents and proceedings as I have considered necessary or appropriate under the circumstances to render the following opinion.

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

1. Ambac Assurance is a stock insurance corporation duly organized and validly existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of West Virginia.
2. Ambac Assurance has full corporate power and authority to execute and deliver the Surety, and the Surety has been duly authorized, executed and delivered by Ambac Assurance and constitutes a legal, valid and binding obligation of Ambac Assurance enforceable in accordance with its terms, except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights.
3. The execution and delivery by Ambac Assurance of the Surety will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Authority, Articles of Incorporation or By-Laws of Ambac Assurance, or any restriction contained in any contract, agreement or instrument to which Ambac Assurance is a party or by which it is bound or constitute a default under any of the foregoing.

4. Proceedings legally required for the issuance of the Surety have been taken by Ambac Assurance and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Surety have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Surety.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,



Stephen M. Ksenak
First Vice President and
Assistant General Counsel

Ambac

RESERVED

THE CITY OF MORGANTOWN

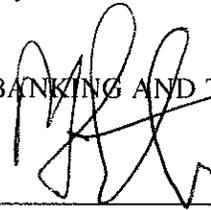
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

BRANCH BANKING AND TRUST COMPANY, Morgantown, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of Morgantown (the "Issuer") enacted by the Issuer on April 4, 2006, and a Supplemental Resolution adopted by the Issuer on June 6, 2006 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 27, 2006, issued in the original aggregate principal amount of \$6,410,191 (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 June, 2006.

BRANCH BANKING AND TRUST COMPANY

By: 
Its: Authorized Representative

06.05.06
627490.00021



THE CITY OF MORGANTOWN

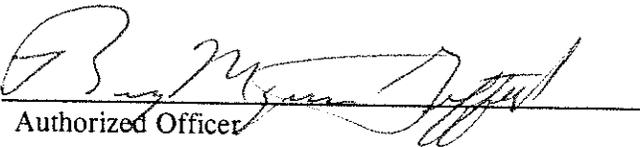
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Morgantown Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), dated June 30, 2006, issued in the original aggregate principal amount of \$6,410,191 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 30th day of June, 2006.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

06.05.06
627490.00021

THE CITY OF MORGANTOWN

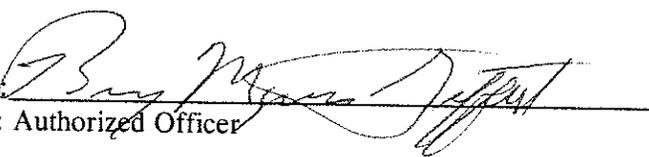
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The City of Morgantown (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, in the principal amount of \$6,410,191, numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 30th day of June, 2006.

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

06.05.06
627490.00021

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 30th day of June, 2006, by and between THE CITY OF MORGANTOWN, 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 \$6,410,191 Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted April 4, 2006, and a Supplemental Resolution of the Issuer duly adopted June 6, 2006 (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: The City of Morgantown
 389 Spruce Street
 Morgantown, West Virginia 26505
 Attention: City Manager

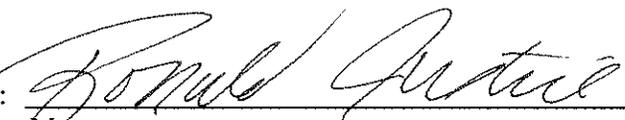
REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

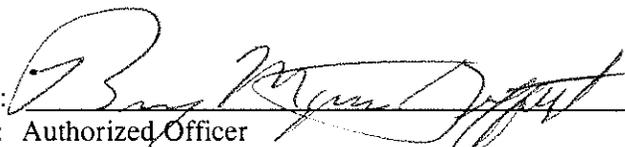
9. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

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.

THE CITY OF MORGANTOWN

By: 
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: 
Its: Authorized Officer

06.05.06
627490/00021

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



STATEMENT OF TRUSTEE'S FEES
Invoice Date June 27, 2006

The City of Morgantown
Account Number 6089001809

The City of Morgantown
Combined Waterworks and Sewerage
System Revenue Bonds, Series 2006 A
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

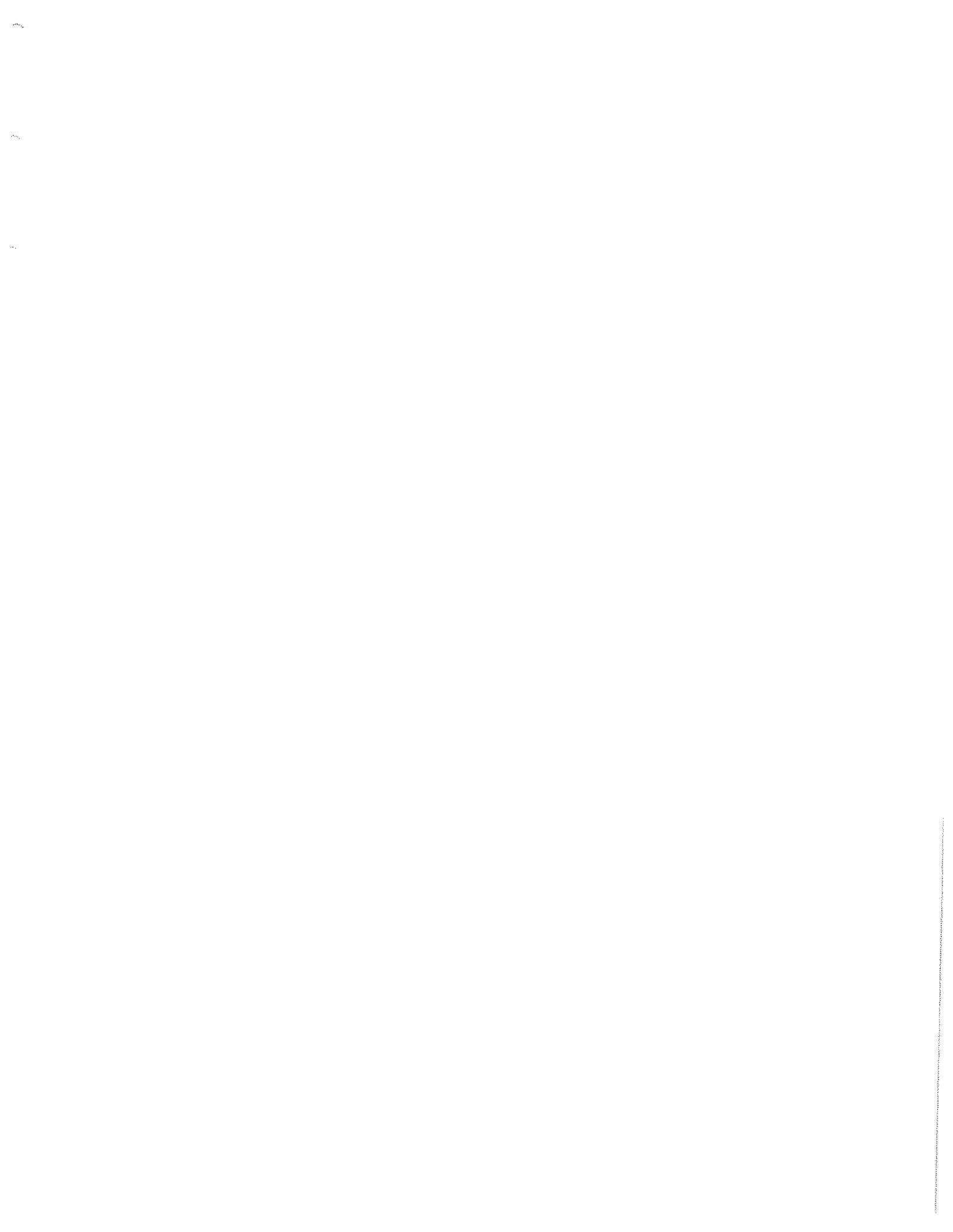
SUMMARY OF ACCOUNT

FEE CALCULATION FOR June, 2006

TOTAL AMOUNT	\$	500.00
TOTAL DUE	\$	<u>500.00</u>

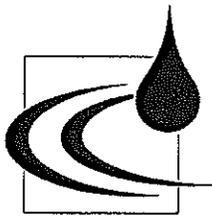
- * FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
- * IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
- * .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA .. *
- * .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035



ON FILE WITH ISSUER





WEST VIRGINIA

Water Development Authority

Celebrating 32 Years of Service 1974 - 2006

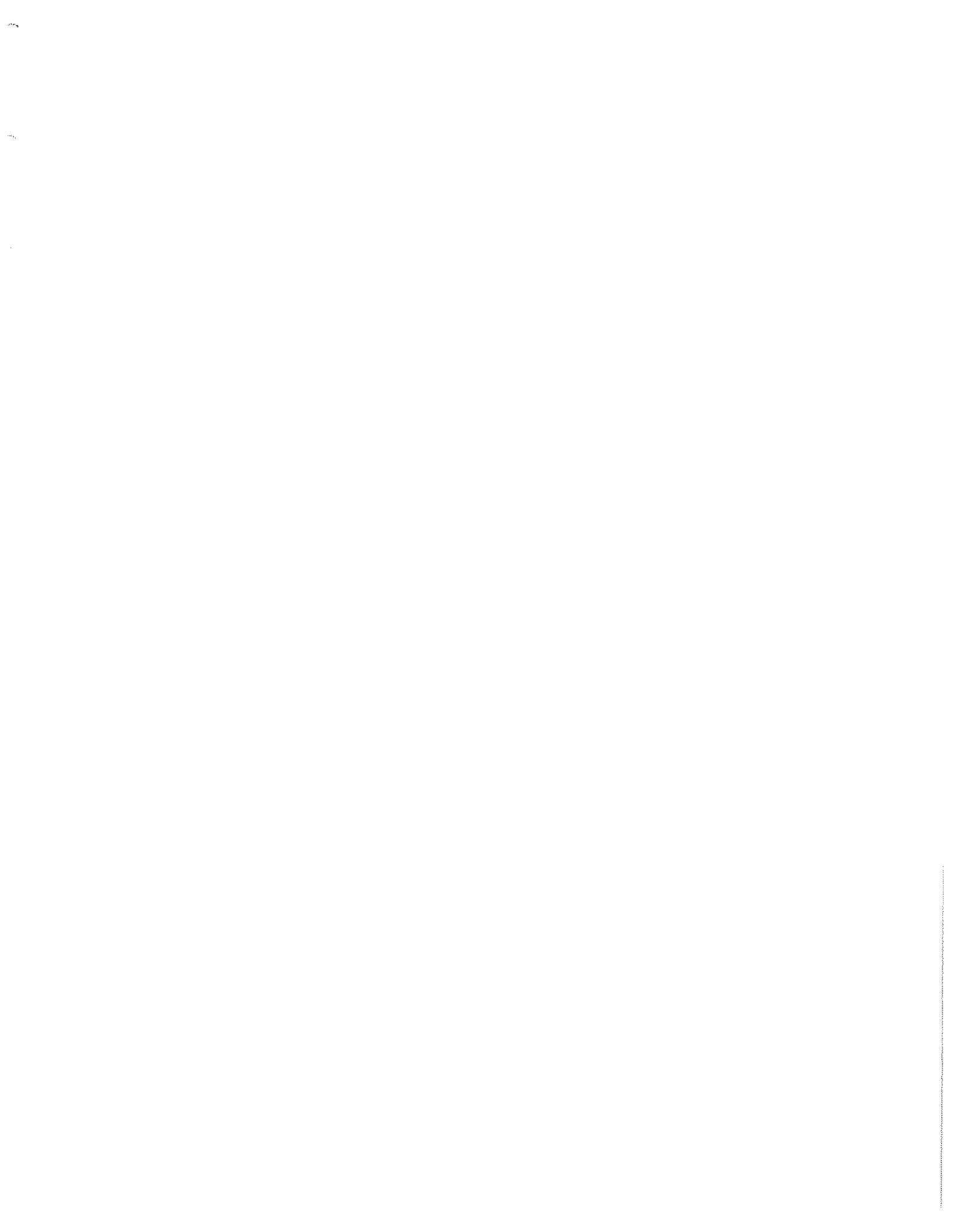
June 30, 2006

The City of Morgantown
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Toothman Rice, PLLC, the independent certified public accountant and the opinion of Steptoe & Johnson PLLC regarding the coverage and parity tests (copies attached), the undersigned duly authorized representative for the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Division of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Authority, the registered owner of the entire outstanding aggregate principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), the Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) and Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds") of The City of Morgantown, West Virginia (the "Issuer"), hereby consents to (i) the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), in the original aggregate principal amount of \$6,410,191 (the "Bonds"), by the Issuer, under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Prior Bonds, and (ii) the purchase of a surety bond to fund the reserve account for the Bonds.


Director



MEMORANDUM

To: Financing Team
From: John C. Stump, Esquire
Date: June 30, 2006
Re: Closing Memo - The City of Morgantown Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program)

1. DISBURSEMENTS TO THE CITY OF MORGANTOWN

Payor: West Virginia SRF Program
Amount: \$320,510
Form: Check
Payee: Morgantown Utility Board
Account: Series 2006 A Bonds Construction Trust Fund

2. DISBURSEMENTS BY THE CITY OF MORGANTOWN FROM BOND PROCEEDS

Source: Series 2006 A Bonds Proceeds
Amount: \$16,000
Form: Wire Transfer
Payee: Ambac Assurance Corporation
Bank: Citibank N.A.
Routing #: 021000089
Account #: 40609486
Attention: Yolonda Ortiz, Ambac ((212) 208-3553)
Purpose: Premium for Surety Bond for Series 2006 A Bonds Reserve Account
Memo: Policy Number: SB30526

06.05.06
627490.00021

State of West Virginia
WATER DEVELOPMENT AUTHORITY
 180 Association Drive, Charleston, WV 25311-1217
 (304) 558-3612 - (304) 558-0299 (Fax)
 Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

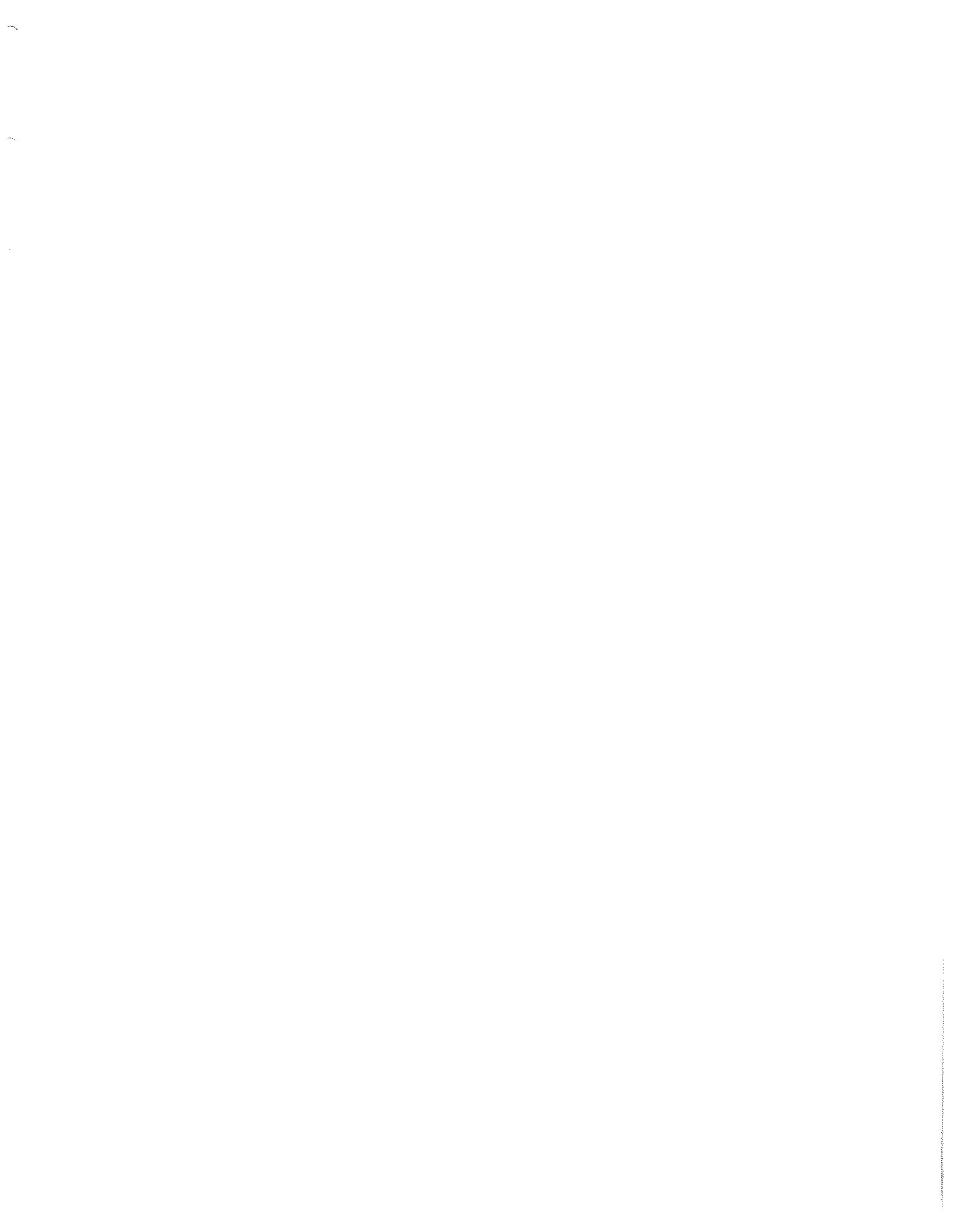
Date 06/30/06 Time 9 a.m. LGA City of Morgantown Program CWSRF

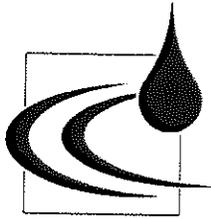
NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Samuel Gee	Jackson Kelly LLC	340.1318	340.1272	sgcc@jacksonkelly.com
Douglas A. Old	WV WDA	558-3612	558-0299	felds@wvwda.org
Bernie Yonkosky	WJ WDA	558-3612	558-0299	dyonkosky@wvwda.org
Rose Beoresen	WV DEP	978 926 499	926 0496	rbrodersen@wvdep.org
John Stump	Step Joe Johnson LLC	353.8196	353.8181	john.stump@stepjoejohnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name James Green, P.E. G.M. Telephone 304.292.8443 E-Mail jgreen@mub.org
 Address P.O. Box 852, Morgantown WV 26507

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.





WEST VIRGINIA

Water Development Authority

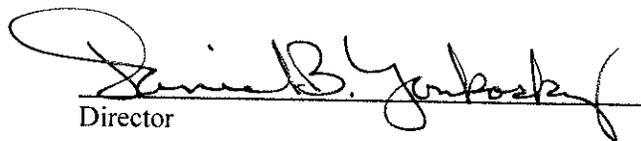
Celebrating 32 Years of Service 1974 - 2006

July 28, 2006

The City of Morgantown
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2006 A (West Virginia SRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Division of Environmental Protection, as Lender, for the Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program), in the original aggregate principal amount of \$6,410,191 (the "Series 2006 A Bonds") of The City of Morgantown, West Virginia (the "Issuer"), hereby consents to the adoption of the Second Supplemental Resolution, a copy of which is attached hereto as Exhibit A and incorporated herein by reference, by the Council of the Issuer at its regular meeting on July 5, 2006, to complete the purchase of a surety bond to fund the reserve account for the Series 2006 A Bonds and to amend the Bond Ordinance enacted by the Issuer on April 4, 2006, to include AMBAC's Surety Bond requirements, all as reflected in such Second Supplemental Resolution.


Director

06.25.06
627490.00021

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwwda.org