THE CITY OF MORGANTOWN, WEST VIRGINIA
$2,330,000 COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

Date of Closing: October 5, 2012

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Resolution
3. Certificate of Series 2012 C Bonds Determinations
4. Cross-Receipt for Bonds and Bond Proceeds
5. Direction to Authenticate and Deliver Bonds
6. Series 2012 C Specimen Bond

DOCUMENTS OF THE ISSUER

7. Charter
8. Rules of Procedure
9. Oaths of Office
10. Minutes on Adoption of Bond Ordinance and Supplemental Resolution
11. Affidavit of Publication of Bond Ordinance
12. Water Rate Tariff
13. Sewer Rate Tariff
14. Stormwater Rate Tariff

OPINIONS OF COUNSEL

15. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel Series 2012 C Bonds

16. Supplemental Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel Series 2012 C Bonds

17. Opinion of Jackson Kelly PLLC, Counsel to Underwriter

18. Opinion of Stephen Fanok, Counsel to Issuer

19. Opinion of Steptoe & Johnson PLLC, Counsel to Morgantown Utility Board

CERTIFICATES

20. General Certificate of Issuer

21. Tax and Non-Arbitrage Certificate of Issuer

22. Registrar's Certificate

23. Underwriter's Certificate

24. Certificate of Certified Public Accountant

25. Certificate of Engineer

OFFERING DOCUMENTS

26. Preliminary Official Statement

27. Official Statement

28. Rule 15c-2-12 Certificate

29. Bond Purchase Agreement

30. Continuing Disclosure Agreement

MISCELLANEOUS DOCUMENTS

31. DTC Letter of Representations

32. Consent of West Virginia Water Development Authority

33. Registrar Agreement

34. IRS Information Return (Form 8038-G)

35. Municipal Bond Commission New Issue Report

36. Certified Copy of Enabling Act, West Virginia Code, Chapter 8, Article 20

37. Final Numbers from Underwriter

38. Closing Memorandum

39. Prior Bond Ordinances
    a. Series 1992 Bonds
    b. Series 1995 Bonds
    c. Series 2000 A Bonds & Series 2000 B Bonds
    d. Series 2001 A Bonds
    e. Series 2006 A Bonds
    f. Series 2007 A Bonds
    g. Series 2010 A Bonds & Series 2010 F Bonds
    h. Series 2010 B Bonds & Series 2010 C Bonds
    i. Series 2010 D Bonds & Series 2010 E Bonds
    j. Series 2012 A Bonds & Series 2012 B Bonds

Stormwater

THE CITY OF MORGANTOWN, WEST VIRGINIA

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C

BOND ORDINANCE

Table of Contents

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

ARTICLE III
The Series 2012 BondS

Section 3.01	Form and Payment of Bonds
Section 3.02	Execution of Bonds
Section 3.03	Authentication and Registration
Section 3.04	Negotiability and Registration
Section 3.05	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.06	Term Bonds
Section 3.07	Notice of Redemption
Section 3.08	Persons Treated as Owners
Section 3.09	Temporary Bonds
Section 3.10	Series 2012 Bonds
Section 3.11	Book Entry System for Series 2012 Bonds
Section 3.12	Delivery of Series 2012 Bonds
Section 3.13	Form of Series 2012 Bonds
Section 3.14	Disposition of Proceeds of Series 2012 Bonds
Section 3.15	Disbursements from the Acquisition and Construction Fund

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank
Section 4.02	Establishment of Funds and Accounts with Bond Commission
Section 4.03	System Revenues and Application Thereof

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01	Investments
Section 5.02	Continuing Disclosure Agreement
Section 5.03	Arbitrage
Section 5.04	Tax Certificate, Rebate and Rebate Fund

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01	Covenants Binding and Irrevocable
Section 6.02	Bonds not to be Indebtedness of the Issuer
Section 6.03	Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund
Section 6.04	Rates
Section 6.05	Completion of Project; Operation and Maintenance
Section 6.06	Sale of the System
Section 6.07	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 6.08	Additional Parity Bonds
Section 6.09	Insurance and Bonds
Section 6.10	Services Rendered to the Board or Issuer
Section 6.11	Enforcement of Collections
Section 6.12	No Competing Franchise
Section 6.13	Books and Records
Section 6.14	Operating Budget
Section 6.15	Mandatory Connections
Section 6.16	Statutory Mortgage Lien
Section 6.17	Tax Covenants
Section 6.18	Covenants Regarding the Municipal Bond Insurance Policy
Section 6.19	Designation of Series 2012 Bonds as "Qualified Tax Exempt Obligations".

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01	Events of Default
Section 7.02	Enforcement
Section 7.03	Appointment of Receiver
Section 7.04	Restoration of Issuer and Bondholder

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01	Appointment of Registrar
Section 8.02	Responsibilities of Registrar
Section 8.03	Evidence on Which Registrar May Act
Section 8.04	Compensation and Expenses
Section 8.05	Certain Permitted Acts
Section 8.06	Resignation of Registrar
Section 8.07	Removal
Section 8.08	Appointment of Successor
Section 8.09	Transfer of Rights and Property to Successor
Section 8.10	Merger or Consolidation
Section 8.11	Adoption of Authentication
Section 8.12	Paying Agent

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01	Defeasance; Discharge of Pledge of Ordinance

ARTICLE X
MISCELLANEOUS

Section 10.01	Amendment of Ordinance
Section 10.02	Evidence of Signatures of Bondholders and Ownership of Bonds
Section 10.03	Preservation and Inspection of Documents
Section 10.04	Cancellation of Bonds
Section 10.05	Failure to Present Bonds
Section 10.06	Notices, Demands and Requests
Section 10.07	No Personal Liability
Section 10.08	Law Applicable
Section 10.09	Parties Interested Herein
Section 10.10	Severability of Invalid Provisions
Section 10.11	Table of Contents and Headings
Section 10.12	Conflicting Provisions Repealed
Section 10.13	Procedure on Enactment of Ordinance; Public Hearing

SIGNATURES
CERTIFICATION
EXHIBIT A - SERIES 2012 BOND FORM

THE CITY OF MORGANTOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, The City of Morgantown (the "Issuer" or the "City") presently owns and operates, through The City of Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage and stormwater system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the System, is necessary, appropriate, useful

and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the stormwater portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds" or the "Bonds"), such Series 2012 Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2012 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2012 Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto.

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

"Bond Counsel" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2012 Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Series 2012 Bonds.

"Bond Year" means with respect to each series of Series 2012 Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2012 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 Bonds in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM hereto.

"City" or "Issuer" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County thereof, and, where appropriate, the Council, the Board and any successor thereto.

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

"Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

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

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs set forth in Section 1.02C.

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

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2012 Bonds, meeting the qualifications prescribed by DTC.

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

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

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

"Government Obligations" shall have the meaning set forth in the Supplemental Resolution.

"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).

"Independent Accountant" means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2012 Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2012 Bonds, in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2012 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2012 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2012 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2012 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2012 Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the Series 2012 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2012 Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Series 2011 A Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the construction improvements to the stormwater portion of the System.

"Purchase Price" for the purpose of computation of the Yield of the Series 2012 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2012 B to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2012 Bonds are privately placed, the price paid by the first buyer of the Series 2012 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2012 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2012 Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2012 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2012 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

"Series 1992 Bonds" means the Combined Utility 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 Utility 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 2000 A Bonds" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 Bonds" means the Combined Utility System Revenue Bonds, Series 2012 of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2012 Bonds Acquisition and Construction Fund" means the Series 2012 Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"Series 2012 Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2012 Bonds Redemption Account" means the Redemption Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account" means the Series 2012 Bonds Reserve Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Sinking Fund" means the Series 2012 Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2012 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2012 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2012 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2012 Bonds and authorizing the sale of the Series 2012 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

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

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

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the City and specifically of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, specifically including, but not limited to, the Sabraton Stormwater Project and all necessary appurtenances; (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2012, in the aggregate principal amount of not more than $3,500,000, to permanently finance a portion of 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; interest, if any, upon the Series 2012 Bonds prior to and during acquisition or construction and for a period not

exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2012 Bonds Reserve Account; underwriter's discount, 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; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and 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 2012 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2012 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility 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 Utility 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 Utility 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"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility 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 "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10)

Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"); and (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), issued prior to the Series 2012 Bonds in the original aggregate amount of not more than $5,000,000 (the "Series 2012 A Bonds"), (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2012 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, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds to the issuance of the Series 2012 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds. The Series 2010 A Bonds and Series 2010 F Bonds do not require consent. 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.

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.

G. The Issuer intends to issue the Series 2012 Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2012 Bonds, and the Prior Bonds, to pay the principal on the Series 2012 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2012 Bonds, and secure the Series 2012 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in

the Series 2012 Bonds Reserve Account, unexpended proceeds of the Series 2012 Bonds and as further set forth herein.

J. The Series 2012 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2012 BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2012 Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2012 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2012 Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2012 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2012 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2012 Bonds by those who shall own or hold the same from time to time, this Ordinance 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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 more than $3,600,000 of which up to $3,500,000 will be obtained

from the Series 2012 Bonds and $100,000 will be obtained as a contribution from the Issuer.

ARTICLE III
THE SERIES 2012 BONDS

Section 3.01 Form and Payment of Bonds. No Series 2012 Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2012 Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2012 Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2012 Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2012 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 Bonds shall be in default, Bonds issued in exchange for Series 2012 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2012 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2012 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2012 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2012 Bond in the principal amount of said 2012 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their respective manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2012 Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 Bonds be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold

the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2012 Bond, substantially in the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference with respect to the Series 2012 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2012 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2012 Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2012 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2012 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2012 Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 Bonds. The Series 2012 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2012 Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2012 Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2012 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2012 Bonds surrendered in any such transfer or exchange shall

forthwith be canceled by the Registrar. Transfers of Series 2012 Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2012 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2012 Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2012 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2012 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2012 Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2012 Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2012 Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term

Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2012 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2012 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2012 Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Series 2012 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2012 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be sent to registered securities depositories, nationally recognized municipal securities information repositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

If funds sufficient to redeem all Series 2012 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2012 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2012 Bonds

for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2012 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2012 Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2012 Bonds. For the purposes of paying costs of acquisition and construction of improvements and betterments to the stormwater portion of the System, funding the Series 2012 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2012 Bonds of the Issuer, in an aggregate principal amount of not more than $3,500,000. Said Series 2012 Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2012" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2012 Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2012 Bonds shall be numbered from AR-1 consecutively upward. The Series 2012 Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $3,500,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%),

payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2012 Bonds.

A. The Series 2012 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2012 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2012 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2012 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2012 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2012 Bond or any other evidence of ownership of the Series 2012 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2012 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2012 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2012 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2012 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2012 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2012 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2012 Bonds so redeemed, but DTC may retain such Series 2012 Bonds and make an appropriate notation on the Series 2012 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2012 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 Bonds, selecting the Series 2012 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2012 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2012 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2012 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2012 Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2012 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 Bonds.

Section 3.12. Delivery of Series 2012 Bonds.

A. The Issuer shall execute and deliver the Series 2012 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2012 Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

Section 3.13. Form of Series 2012 Bonds. The definitive Series 2012 Bonds shall be in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2012 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2012 Bonds. Upon the issuance and delivery of the Series 2012 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2012 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2012 Bonds Sinking Fund and applied to payment of interest on the Series 2012 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2012 Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2012 Bonds Reserve Account, provided that, to the extent the Series 2012 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2012 Bonds shall be deposited in the Series 2012 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2012 Bonds Reserve Requirement.

3. The amount of Series 2012 Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2012 Bonds shall be deposited with the Depository Bank in the Series 2012 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2012 Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not

necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2012 Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2012 Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2012 Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2012 Bonds from which such proceeds are derived.

4. The balance of Series 2012 Bonds proceeds, if any, shall be deposited in the Series 2012 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15(A) hereof.

Section 3.15. Disbursements from the Acquisition and Construction Fund. Disbursements from the Series 2012 Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2012 Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2012 Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

(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 2012 Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued is established by Prior Ordinances) 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 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Prior Ordinance);

(17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinance);

(18) Series 2010 C Bonds Reserve Account (established by Prior Ordinance);

(19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinance);

(20) Series 2010 D Bonds Reserve Account (established by Prior Ordinance);

(21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinance);

(22) Series 2010 E Bonds Reserve Account (established by Prior Ordinance);

(23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinance);

(24) Series 2010 F Bonds Reserve Account (established by Prior Ordinance);

(25) Series 2012 Bonds Sinking Fund; and

(26) Series 2012 Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2012 Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the respective Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2012 Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2012 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2012 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater

than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; and (ii) for deposit in the Series 2012 Bonds Sinking Fund (and in the Series 2012 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2012 Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2012 Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2012 Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2012 Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2012 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2012 Bonds, for deposit in the Series 2012 Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 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 2012 Bonds Reserve Requirement; provided further, that if the amounts in the Series 2012 Bonds Reserve Account, as a result of a decrease in value of the Series 2012 Bonds Reserve Account below the Series 2012 Bonds Reserve Account Requirement or any withdrawal from the Series 2012 Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2012 Bonds Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2012 Bonds Reserve Account results in a determination that the amount of monies and the value of the

Qualified Investments deposited to the credit of the Series 2012 Bonds Reserve Account is less than the Series 2012 Bond Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2012 Bonds Reserve Account for deposit into the Series 2012 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 Bonds Reserve Account to an amount equal to the Series 2012 Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2012 Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2012 Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2012 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 Bond Reserve Account Requirement.

Amounts in the Series 2012 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2012 Bonds when due, when amounts in the Series 2012 Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

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

(6) 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.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2012 Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2012 Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section (unless otherwise required by the Bond Insurer and as set forth in the Supplemental Resolution):

(A) Qualified Investments acquired for the Series 2012 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2012 Bonds Reserve Account to the Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2012 Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2012 Bonds Reserve Account an amount at least equal to the Series 2012 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2012 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2012 Bonds Reserve Account shall, at any time, be less than the applicable Series 2012 Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

(E) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2012 Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(F) Notwithstanding the foregoing, all monies deposited in the Series 2012 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2012 Bonds in such manner and to such extent as may be necessary, so that such Series 2012 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, 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 such Bonds) so that the interest on the Series 2012 Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax 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 any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 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 Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer or the Board 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 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, 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 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 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 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.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance 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 2012 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2012 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2012 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2012 Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2012 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2012 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2012 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2012 Bonds, all monies and securities in the Series 2012 Sinking Fund, including the Series 2012 Bonds Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2012 Bonds herein authorized, and to make the payments into the Series 2012 Bonds Sinking Fund, all monies and securities in the Series 2012 Bonds Sinking Fund, including the Series 2012 Bonds Reserve Account therein.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. In any event, subject to the requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate ordinance.

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2012 Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2012 Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $250,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $250,000 but not in excess of $1,000,000, the Board shall first, in writing, determine with the written

approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $250,000 and not in excess of $1,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $1,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, 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 the Gross Revenues with the Series 2012 Bonds; and all obligations hereafter issued by the Issuer 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 2012 Bonds.

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, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2012 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional 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 additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds

issued pursuant hereto or the Prior Bonds, to pay claims which may exist against the revenues or facilities of the System, or all of such purposes.

No such Additional 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 an Independent Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2012 Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

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

(4) The Additional Parity Bonds then proposed to be issued.

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

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2012 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2012 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All

the 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 said 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 Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2) and (3) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2012 Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and

properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and 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, provided that, the Board, with the review of an insurance consultant and the concurrence of the Issuer, may elect to self-insure, so long as the following requirements are met:

(i) The self-insurance program has been reviewed by an insurance consultant;

(ii) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an insurance consultant; and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the insurance consultant;

(iii) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(iv) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an insurance consultant, shall be maintained.

If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. 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 Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body 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.

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

The Issuer shall 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.

Section 6.10. Services Rendered to the Board or Issuer. The Board will not render or cause to be rendered any free services of any nature by its System; and, in the event the Board, the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Board, the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Board or the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer or 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, 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 and facilities of the System and any services and facilities of the Issuer's waterworks system, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus penalty charges for the restoration of service, has been fully paid or an appropriate payment plan has been established.

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. 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 Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2012 Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with 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 Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Accountant, or a summary thereof, to any Holder or Holders of Series 2012 Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, 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. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and the Bond Insurer, if any, 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 Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion 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 waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents 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 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 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 the issuance of the Series 2012 Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 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 such Series 2012 Bonds during the term thereof is, under the terms of such 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 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 2012 Bonds during the terms thereof is, under the terms of such Series 2012 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 2012 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan 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 2012 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2012 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 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. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2012 Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2012 Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2012 Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2012 Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Designation of Series 2012 Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2012 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2012 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and reasonably anticipates that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations described in Section 265(b)(3)(c)(ii) of the Code, including the Series 2012 Bonds, shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, all as determined in accordance with the Code.

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or

in the Series 2012 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

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

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Series 2012 Bonds, as applicable;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall be made without the prior written consent of the applicable Bond Insurer or shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the

appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2012 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 Series 2012 Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts 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 Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, 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 Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2012 Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's

committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2012 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2012 Bonds, the first exchange of Series 2012 Bonds and the exchange of Series 2012 Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any

successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2012 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2012 Bond shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for

any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2012 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow

trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X
MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2012 Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2012 Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2012 Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2012 Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2012 Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Series 2012 Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2012 Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2012 Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of

the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

REGISTRAR

[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attn: Executive Director

DEPOSITORY BANK

[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set forth in the Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council, the Board or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2012 Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 3rd day of January, 2012, at 7:30 p.m., in the Council

Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading:	December 6, 2011
Second Reading:	December 20, 2011
Effective following Public Hearing held on:	January 3, 2012

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney

5874612

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of THE CITY OF MORGANTOWN at a regular meeting of the City Council held on January 3, 2012, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this 5th day of October, 2012.

[SEAL]

Linda L. Sutton
City Clerk

EXHIBIT A - SERIES 2012 BOND FORM

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called

for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012" (the "Series 2012 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 Bonds, and (iv) to pay certain costs of issuance of the Series 2012 Bonds and related costs. The Series 2012 Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2012, and supplemented by a supplemental resolution adopted by said Council on _____, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

[The Series 2012 Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by __[Bond Insurer]___.]

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

_____(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

_____ Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____ Year (1)	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Series 2012 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 Bonds are to be redeemed, the Series 2012 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 Bond or Series 2012 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 Bonds or portions of Series 2012 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 Bonds or portions of Series 2012 Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 Bond.

The Series 2012 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 Bonds Sinking Fund, and the Series 2012 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 Bonds Sinking Fund and the Series 2012 Bonds Reserve Account and said unexpended Series 2012 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered

owners of the Series 2012 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 Bonds of which this Series 2012 Bond is one.

This Series 2012 Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2012 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 Bond to be dated as of the Series 2012 Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

_____

Mayor

[Manual or facsimile signature]

_____

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 Bond is one of the fully registered Series 2012 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 Bonds.

Dated: _____, 2012.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20___.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS, PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 (TAX-EXEMPT) OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING BOND PURCHASE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS, PROVIDING FOR APPOINTMENT OF 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" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective January 3, 2012 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Issuer desired to amend the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2012 (Tax-Exempt) in one or more series in the aggregate principal amount of not more than $3,500,000 (the "Series 2012 Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on the Series 2012 Bonds, funding a reserve account for the Series 2012 Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2012 Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2012 Bonds are proposed to be purchased by Crews & Associates, Inc., (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms and provisions of all documents relating to the Series 2012 Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2012 Bonds, hereinafter described, be approved, that the Issuer's Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2012 Bonds be herein provided for, all in accordance with said Ordinance,

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

Section 1. The following special funds are created with and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other:

(1) Cost of Issuance Fund; and

(2) Redemption Account

Section 2. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2012 Bonds. The Series 2012 Bonds shall be issued in the aggregate principal amount not to exceed $3,500,000, bear interest at a rate not to exceed 8.0% payable semiannually as shown on the Certificate of Determinations shall mature within 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2012 Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2012 Bonds Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2012 Bonds shall be as provided in the Ordinance, and the Series 2012 Bonds shall be in substantially the form provided in the Ordinance.

Section 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2012 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 4. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The execution of the Continuing Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 5. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby ratified and approved.

Section 6. The Registrar Agreement by and between the Issuer and the designated Registrar, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 7. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2012 Bonds.

Section 8. The Issuer does hereby authorize the Mayor to designate the Registrar.

Section 9. The Issuer does hereby authorize the Mayor to designate the Depository Bank.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The notice addresses for the Paying Agent and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
900 Pennsylvania Avenue, Suite 1117
Charleston, West Virginia 25302
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Public Finance

Section 12. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2012 Bonds issue to the end that the Series 2012 Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 13. The General Manager of the Morgantown Utility Board is hereby authorized to approve invoices and requests for payment for the Project.

Section 14. The financing of the project with proceeds of the Series 2012 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. Upon approval by the Mayor, the Issuer may purchase insurance, as permitted by Section 6.18 of the Bond Legislation.

Section 16. This Supplemental Resolution shall be effective immediately.

[Remainder of Page Intentionally Left Blank]

Adopted this 6th day of March, 2012.

Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on the 6th day of March, 2012.

Dated this 5th day of October, 2012.

[SEAL]

Linda L. Little
Clerk

627490.00044

EXHIBIT A

FORM OF

CERTIFICATE OF SERIES 2012 BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

CERTIFICATE OF DETERMINATIONS

The undersigned, Jim Manilla, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on _____, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), hereby finds and determines as follows:

1. The Series 2012 Bonds shall be dated the date of closing thereon (estimated to be _____, 2012) and shall bear interest on June 1 and December 1 of each year commencing _____, 2012.

2. The Series 2012 Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8.0%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2012 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2012 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2012 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2012 Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $ ____).

7. _____, West Virginia is hereby designated as the Registrar

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

8. _____, West Virginia is hereby designated as the Depository Bank.

9. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2012 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2012 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this _____ day of _____, 2012.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2012 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (_____1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.

Schedule 2

Redemption Provisions:

EXHIBIT B

Form of Bond Purchase Agreement

EXHIBIT C

Form of Official Statement
[Final Official Statement Found in Tab 27]

CERTIFICATE OF SERIES 2012 C BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

CERTIFICATE OF DETERMINATIONS

The undersigned, Jim Manilla, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Resolution adopted by the Council of the Issuer on March 6, 2012 (the "Supplemental Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2012 C (the "Series 2012 C Bonds"), hereby finds and determines this 5th day of October, 2012 as follows:

1. The Series 2012 C Bonds shall be dated the date of closing thereon (estimated to be October 5, 2012) and shall bear interest on April 1 and October 1 of each year commencing April 1, 2013.

2. The Series 2012 C Bonds shall be issued in the aggregate principal amount of $2,330,000, at a true interest cost of 3.6925670%. Such interest rates do not exceed 8.0%, being the maximum interest rate authorized by the Supplemental Resolution.

3. The Series 2012 C Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2012 C Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2012 C Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2012 C Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $2,282,954 (representing par value of $2,330,000 less an Underwriter's discount of $34,950 and a net original issue discount of $12,096).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

Dated as of the day and year first stated above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

627490.00044

Schedule 1

SERIES 2012 C BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (October 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
CR-1	2015	$280,000	1.500%	1.500%	61759C AV0
CR-2	2017	$190,000	2.000%	2.000%	61759C AW8
CR-3	2019	$200,000	2.500%	2.500%	61759C AX6
CR-4	2022	$325,000	3.000%	3.000%	61759C AY4
CR-5	2025	$355,000	3.250%	3.250%	61759C AZ1
CR-6	2027	$255,000	3.500%	3.500%	61759C BA5
CR-7	2029	$275,000	4.000%	4.000%	61759C BB3
CR-8	2032	$450,000	4.000%	4.200%	61759C BC1

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

If less than all the Series 2012 C Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

*Final Maturity

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 5th day of October, 2012, the undersigned, Gregory B. Isaacs, Senior Managing Director of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, and the Mayor of The City of Morgantown (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 5th day of October, 2012, in Charleston, West Virginia, the Underwriter received the entire original issue of $2,330,000 in aggregate principal amount of The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (the "Series 2012 C Bonds" or the "Bonds"). The Series 2012 C Bonds, as so received on original issuance, are in various denominations, are all dated October 5, 2012, and are numbered from R-1, upward in order of maturity, and are registered in the name of "CEDE & CO."

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer by his manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by the Clerk of the Issuer by his manual signature, and had been authenticated by an authorized officer of United Bank, Inc., as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, the proceeds of the Bonds, as follows:

Par Amount	$2,330,000.00
Less: Original Issue Discount	(12,096.00)
Less: Deposit to Series 2012 C Reserve Fund	(166,062.50)
Less: Underwriters Discount	(34,950.00)
Less: Costs of Issuance and Rounding	(66,891.50)
Total	$2,050,000.00

Payment for the Bonds was made in immediately available funds (federal funds wire) in the amount of $2,050,000.

[Remainder of Page Intentionally Blank]

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

CREWS & ASSOCIATES, INC.

By: _____
Its: Senior Managing Director

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

627490.00044

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

DIRECTION TO AUTHENTICATE, REGISTER AND DELIVER BONDS

United Bank, Inc., as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On the 5th day of October, 2012, there are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. R-1 through R-8, inclusive, constituting the entire original issue of The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C, dated October 5, 2012, in the aggregate principal amount of $2,330,000, (collectively, the "Bonds"), executed by the Mayor, the City Manager and Clerk of The City of Morgantown (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to an Ordinance enacted by the Issuer on January 3, 2012, as supplemented by a Supplemental Resolution adopted by the Issuer on March 6, 2012 (collectively, the "Bond Legislation").

2. Copies of the Bond Legislation, certified by the Clerk of the Issuer.

3. The signed, unqualified approving opinion of Steptoe & Johnson PLLC, as bond counsel.

You are hereby requested and authorized, pursuant to Section 3.12 of the Bond Legislation, to authenticate, register in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC") and deliver the Bonds to DTC, for the account of Crews & Associates, Inc., as the original purchaser thereof.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first stated above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-1 $280,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
1.500%	10/01/2015	10/05/2012	61759C AV0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL] SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST: SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-2 $190,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	10/01/2017	10/05/2012	61759C AW8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

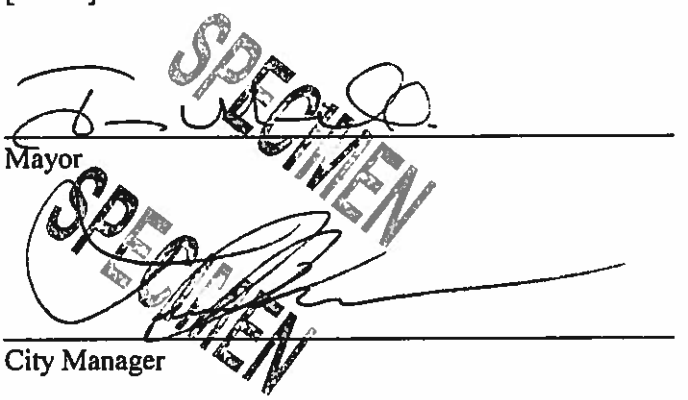
This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

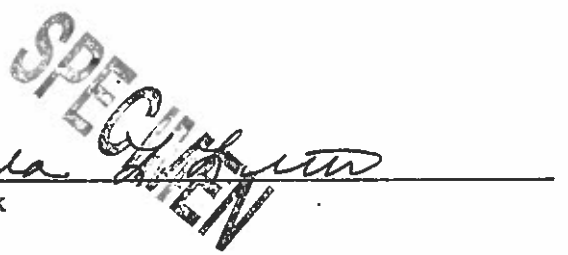
[SEAL]



Mayor

City Manager

ATTEST:



City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-3 $200,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.500%	10/01/2019	10/05/2012	61759C AX6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-4 $325,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	10/01/2022	10/05/2012	61759C AY4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

SPECIMEN

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-5 $355,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.250%	10/01/2025	10/05/2012	61759C AZ1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-6 $255,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.500%	10/01/2027	10/05/2012	61759C BA5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-7 $275,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	10/01/2029	10/05/2012	61759C BB3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL] SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

SPECIMEN

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for registration of transfer, exchange or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasumuch as the registered owner hereof, Cede & Co., has an interest herein.

No. CR-8 $450,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
4.000%	10/01/2032	10/05/2012	61759C BC1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $2,330,000, designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012 C" (the "Series 2012 C Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 5, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the stormwater portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 C Bonds, and (iii) to pay certain costs of issuance of the Series 2012 C Bonds and related costs. The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on January 3, 2012, and supplemented by a supplemental resolution adopted by said Council on March 6, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 C Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 C Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A BONDS"); AND (15) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 C Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

(B) Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

*Final Maturity

In the event of any redemption of less than all outstanding Series 2012 C Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 C Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 C Bonds are to be redeemed, the Series 2012 C Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 C Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 C Bond or Series 2012 C Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 C Bonds or portions of Series 2012 C Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 C Bonds or portions of Series 2012 C Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 C Bond.

The Series 2012 C Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 C Bonds Sinking Fund, and the Series 2012 C Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 C Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment.

Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 C Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 C Bonds Sinking Fund and the Series 2012 C Bonds Reserve Account and said unexpended Series 2012 C Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 C Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 C Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 C Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 C Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 C Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 C Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 C Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 C Bonds of which this Series 2012 C Bond is one.

This Series 2012 C Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Bond has been designated a "qualified tax-exempt obligation" by the Issuer within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Series 2012 C Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 C Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 C Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 C Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 C Bond to be dated as of the Series 2012 C Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 C Bond is one of the fully registered Series 2012 C Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 C Bonds.

Dated: October 5, 2012.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

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.

TABLE OF CONTENTS

ARTICLE I. POWERS OF THE CITY.
- Section 1.01. Incorporation.
- Section 1.02. Powers of the City.
- Section 1.03. Construction.
- Section 1.04. Intergovernmental Relations.

ARTICLE II. CITY COUNCIL
- Section 2.01. Composition, Eligibility, Election and Terms.
- Section 2.02. Compensation; Expenses.
- Section 2.03. Mayor.
- Section 2.04. General Powers and Duties.
- Section 2.05. Prohibitions.
- Section 2.06. Vacancies, Forfeiture of Office, Filling of Vacancies.
- Section 2.07. Judge of Qualifications.
- Section 2.08. City Clerk.
- Section 2.09. Inquiries or Investigations.(4-24-79)
- Section 2.10. Independent Audit.
- Section 2.11. Procedure. (4-24-79)
- Section 2.12. Action Requiring an Ordinance.
- Section 2.13. Ordinances in General.
- Section 2.14. Emergency Ordinances.
- Section 2.15. Codes of Technical Regulations.
- Section 2.16. Codification; Printing.

ARTICLE IX. GENERAL PROVISIONS
Section 9.01. Personal Financial Interest.
Section 9.02. Prohibitions.
Section 9.03. Charter Amendments.
Section 9.04. Separability.
Section 9.05. Oaths.

ARTICLE X. TRANSITIONAL PROVISIONS
Section 10.01. Officers and Employees.
Section 10.02. Departments, Offices and Agencies.
Section 10.03. Pending Matters.
Section 10.04. Effect of Existing Ordinances, Etc.
Section 10.05. Wards.
Section 10.06. Schedule.

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) Withdrawl 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.

CITY OF MORGANTOWN

AN ORDINANCE CREATING THE MORGANTOWN UTILITY BOARD AND PROVIDING FOR THE TRANSFER OF MANAGEMENT, CONTROL AND OPERATION OF THE MUNICIPAL WATERWORKS SYSTEM AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN, WEST VIRGINIA, FROM THE MORGANTOWN WATER COMMISSION AND MORGANTOWN SANITARY BOARD TO THE MORGANTOWN UTILITY BOARD.

WHEREAS, the City of Morgantown (the "City") presently owns and operates a municipal waterworks system (the "Waterworks System"), consisting of a water filtration and treatment plant, reservoirs, water tanks, distribution lines, booster stations and all appurtenant facilities and properties, and a municipal sewerage system (the "Sewerage System"), consisting of a sewerage treatment plant, collection and transportation lines, lift stations and all appurtenant facilities and properties;

WHEREAS, the Waterworks System has heretofore been managed by The Morgantown Water Commission, a board or commission created pursuant to an ordinance enacted September 5, 1950, and the Sewerage System has heretofore been managed by the Morgantown Sanitary Board, a board or commission created pursuant to an ordinance enacted August 11, 1964;

WHEREAS, the City has considered the effects of combining the operation, control and management of the Waterworks System and the Sewerage System under a single board or commission and has determined that certain efficiencies will be achieved by elimination of duplication of some services and facilities and by providing for a unified management of the Waterworks System and the Sewerage System;

WHEREAS, the City has provided for refunding of all of its existing Waterworks Revenue Bonds and Sewer Revenue Bonds through the issuance of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1987 (the "Bonds") and, upon conclusion of such refunding and defeasance of the Waterworks Revenue Bonds and Sewer Revenue Bonds, will have no Waterworks Revenue Bonds or Sewer Revenue Bonds outstanding, the payment of which has not been made or provided for;

WHEREAS, the City is permitted, pursuant to Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act") to combine by ordinance the Waterworks System and the Sewerage System into a single undertaking and to operate the same in combination under a single board or commission; and

WHEREAS, the City now desires to provide for the manner of and procedure for transferring supervision and control of its separately existing Waterworks System and Sewerage System from the heretofore separate boards into a single board or committee to be known as the "Morgantown Utility Board;"

NOW, THEREFORE, THE CITY OF MORGANTOWN HEREBY ORDAINS:

Section 1. That upon the issuance of the Bonds, the management, control and operation of the Waterworks System and the Sewerage System of the City shall be vested in the Morgantown Utility Board (the "Board"), hereby created and appointed and functioning as hereinafter provided.

Section 2. The Board shall consist of 5 persons, each of whom shall be citizens and residents of the City, shall be persons of outstanding reputation, ability and integrity, and shall be appointed by the Common Council of the City. The City Manager of the City shall notify all appointees of their appointment. The terms of such Boardmembers first appointed shall be for 1, 2, 3, 4 and 5 years, respectively, from the 1st day of the month in which appointed. In the event of a vacancy and also within 30 days after the expiration of the term of office of any Boardmember, a successor shall be appointed by the Common Council of said City. All vacancies shall be filled for the unexpired term only and all other appointments shall be for a term of 5 years, to commence on the date following the scheduled expiration date of the previous term. The Board shall adopt rules of procedure for the time and place of its meetings and the conduct thereof. Any Boardmember shall be eligible for reappointment upon the expiration of his term. The Boardmembers shall each receive compensation for their services at the rate of $500 per year, payable semi-annually, and in addition, shall be reimbursed for any and all expenses incurred in the performance of their duties under order of the Board. Each Boardmember shall be subject to removal for just cause by the Common Council of the City of Morgantown by the recorded vote of a majority of said Council after a public hearing thereon. The decision of the Common Council as to such removal shall be final and not subject to review by any court, arbitrator or other body, and each Boardmember accepting such appointment shall acknowledge the finality of such decision.

Section 3. At the first meeting of the Board and annually thereafter it shall organize by designating one of the Boardmembers to act as Chairman and another or others to act as Secretary and/or Treasurer thereof. The Chairman shall preside at all meetings when present and shall call special meetings on his own motion, or when requested to do so by any two Boardmembers. The Secretary shall keep a record of the proceedings which shall be available for inspection as other municipal records. The Treasurer shall disburse the funds of the Board as directed by it. In the event that any Boardmember shall be unable to fulfill the duties of his office for a period of 6 months, a majority of the remainder of the said Boardmembers may declare the office of such Boardmember vacant and the Common Council of said City shall thereupon fill such vacancy as otherwise provided for herein.

Section 4. The Board shall have full and complete supervision, management and control of the Waterworks System and Sewerage System, including the maintenance, operations, improvements and extension thereof, which shall be combined as a single system (the "System"). All bills for water and sewer service shall be collected and accounted for by the Board in the manner and form required by law, the Public Service Commission of West Virginia and the ordinances of the City, and all disbursements and accounts of the System shall be ordered paid out only upon approval of said Board; provided, however, that all such supervision, management and control of the System and the collection and accounting for bills for water and sewer service shall be consistant and in accordance with any ordinances pursuant to which the City may have authorized and issued any bonds from time to time outstanding, which by their terms are payable from and secured by the revenues of the System. The Board shall have the power and authority to make all contracts, agreements and other matters necessary or proper for the full and complete supervision, management and control of the System.

Section 5. The Board shall have power to employ, fix the compensation of, and discharge, a superintendent of the System, and shall direct, employ and fix the compensation of and discharge all other employees of the System. The superintendent of the System, upon his appointment and taking office, shall furnish and file with the City Clark, a bond in the sum and penalty of $50,000, the cost of such bond to be payable from revenues of the System and such bond to be payable to the City and conditioned as to the faithful performance of the superintendent's duties as are fixed by the Board.

Section 6. The Board shall provide reports, at least semiannually, or as otherwise required by law, to the City Manager and Council of the City, indicating the Board's financial condition. The Board shall also, if requested by the Mayor or City Manager of

the City, provide the City with yearly audited financial statements, minutes of all meetings of the Board, an annual budget, and other information as may reasonably be requested.

Section 7. Following the defeasance of the Water Revenue Bonds and Sewer Revenue Bonds, all assets and liabilities of the Waterworks System and Sewerage System, including accounts receivable and accounts payable, and all employees thereof, shall be under the management and control of the Board. Personnel policies and practices, and other matters affecting employees of the Board, except pensions, shall be determined by the Board.

Section 8. Upon transfer of the management and control of the employees of the Waterworks System and Sewerage System to the Board, all such employees shall be under the general pension plan of the City, subject to such adjustments as shall be provided for by resolution of Council of the City.

Section 9. The following persons are hereby appointed as the initial members of the Board:

Richard M. Gardner is hereby appointed to serve a term of 1 year from the first day of the month of such appointment.

Benjamin L. Glasscock is hereby appointed to serve a term of 2 years from the first day of the month of such appointment.

Arthur F. Hahn is hereby appointed to serve a term of 3 years from the first day of the month of such appointment.

Thomas H. VanLandingham is hereby appointed to serve a term of 4 years from the first day of the month of such appointment.

Curtis J. Tompkins is hereby appointed to serve a term of 5 years from the first day of the month of such appointment.

Section 10. The Common Council of the City enacts this Ordinance for the assurance and protection of the citizens of the City and for the purpose of assuring the holders of bonds of the City payable from the income and revenues of the System of an efficient operation and maintenance thereof. No amendment or repeal of this Ordinance shall be enacted unless due notice thereof shall be published in a newspaper of general circulation within the City once each week for 2 successive weeks and a public hearing held thereon at a time and place to be fixed in said notice. Any such Ordinance shall otherwise be adopted in accordance with the rules and regulations of the Common Council of said City.

Section 11. This Ordinance shall be effective from the date of its enactment.

Passed on First Reading: August 18, 1987

Enacted on Final Reading following Public Hearing: September 1, 1987

THE CITY OF MORGANTOWN

[SEAL]

Mayor

ATTEST:

City Clerk

09/18/87
MCOMB1-B

ARTICLE 169
Utility Board

169.01 Creation; members; compensation.
169.02 Organization.
169.03 Powers and duties.
169.04 General Manager created; other employees.
169.05 Financial reports; minutes; budget.
169.06 Waterworks, sewerage system and stormwater system accounts; personnel policies.
169.07 Pension plan.

CROSS REFERENCES
Combined waterworks and sewage system - see W.Va. Code Art. 8-20

169.01 CREATION; MEMBERS; COMPENSATION.

(a) Upon the issuance of the combined waterworks and sewerage system refunding revenue bonds, the management, control and operation of the waterworks system and the sewerage system of the City shall be vested in the Morgantown Utility Board (the "Board"), created, appointed and functioning as hereinafter provided.

(b) The management, control and operation of the stormwater drainage and sewer system of the City shall be vested in the Morgantown Utility Board.

(c) The Board shall consist of five persons, each of whom shall be citizens and residents of the City, shall be persons of outstanding reputation, ability and integrity, and shall be appointed by Council. The City Manager shall notify all appointees of their appointment. The terms of such Boardmembers first appointed shall be for one, two, three, four and five years, respectively, from the first day of the month in which appointed. In the event of a vacancy and also within thirty days after the expiration of the term of office of any Boardmember, a successor shall be appointed by Council. All vacancies shall be filled for the unexpired term only and all other appointments shall be for a term of five years, to commence on the date following the scheduled expiration date of the previous term. The Board shall

adopt rules of procedure for the time and place of its meetings and the conduct thereof. Any Boardmember shall be eligible for reappointment upon the expiration of his term. The Boardmembers shall each receive compensation for their services at the rate established by ordinance of Council and in addition, shall be reimbursed for any and all expenses incurred in the performance of their duties under order of the Board. Each Boardmember shall be subject to removal for just cause by Council by the recorded vote of a majority of Council after a public hearing thereon. The decision of Council as to such removal shall be final and not subject to review by any court, arbitrator or other body, and each Boardmember accepting such appointment shall acknowledge the finality of such decision.
(Ord. 02-13. Passed 5-21-02.)

169.02 ORGANIZATION.

At the first meeting of the Board and annually thereafter, it shall organize by designating one of the Boardmembers to act as chairman and another or others to act as secretary and/or treasurer thereof. The chairman shall preside at all meetings when present and shall call special meetings on his own motion, or when requested to do so by any two Boardmembers. The secretary shall keep a record of the proceedings which shall be available for inspection as other Municipal records. The treasurer shall disburse the funds of the Board as directed by it. In the event that any Boardmember shall be unable to fulfill the duties of his office for a period of six months, a majority of the remainder of the Boardmembers may declare the office of such Boardmember vacant and Council shall thereupon fill such vacancy as otherwise provided for herein. (Ord. 9-1-87.)

169.03 POWERS AND DUTIES.

The Board shall have full and complete supervision, management and control of the waterworks system and sewerage system, including the maintenance, operations, improvements and extension thereof, which shall be combined as a single system (the "system"). The Board shall also have full and complete supervision, management and control of the stormwater drainage system, including the maintenance, operations, improvements and extension thereof. All bills for water, sewer and stormwater service shall be collected and accounted for by the Board in the manner and form required by law, the Public Service Commission and/or the ordinances of the City, and all disbursements and accounts of the system shall be ordered paid out only upon approval of such Board; provided however, that all such supervision, management and control of the systems and the collection and accounting for bills for water, sewer and stormwater service shall be consistent and in accordance with any ordinance pursuant to which the City may have authorized and issued any bonds from time to time outstanding, which by their terms are payable from and secured by the revenues of the system. The Board shall have the power and authority to make all contracts, agreements and other matters necessary or proper for the full complete supervision, management and control of the system. (Ord. 02-13. Passed 5-21-02.)

169.04 GENERAL MANAGER CREATED; OTHER EMPLOYEES.

The Board shall have power to employ, affix the compensation of and discharge a General Manager of the system and shall direct, employ and fix the compensation of and discharge all other employees of the system. The General Manager of the system, upon his appointment and taking office, shall furnish and file with the City Clerk, a bond in the sum and penalty of fifty thousand dollars ($50,000), the cost of such bond to be payable from revenues of the system and such bond shall be payable to the City and conditioned as to the faithful performance of the General Manager's duties as are fixed by the Board.
(Ord. 02-13. Passed 5-21-02.)

169.05 FINANCIAL REPORTS; MINUTES; BUDGET.

The Board shall provide reports, at least semiannually, or as otherwise required by law, to the City Manager and Council, indicating the Board's financial condition. The Board shall also, if requested by the Mayor or City Manager provide the City with yearly audited financial statements, minutes of all meetings of the Board, an annual budget and other information as may reasonably be requested. (Ord. 9-1-87.)

169.06 WATERWORKS, SEWERAGE SYSTEM, AND STORMWATER SYSTEM ACCOUNTS; PERSONNEL POLICIES.

Following the defeasance of the water revenue bonds and sewer revenue bonds, all assets and liabilities of the waterworks system and sewerage system, including accounts receivable and accounts payable and all employees thereof, shall be under the management and control of the Board. All assets and liabilities of the stormwater system, including accounts receivable and accounts payable, shall be under the management and control of the Board. Personnel policies and practices and other matters affecting employees of the Board, except pensions, shall be determined by the Board. (Ord. 02-13. Passed 5-21-02.)

169.07 PENSION PLAN.

Upon transfer of the management and control of the employees of the waterworks system and sewerage system to the Board, all such employees shall be under the general pension plan of the City, subject to such adjustments as shall be provided for by resolution of Council. (Ord. 9-1-87.)

See Tabs 22, 23 and 24 for additional amendments.

AN ORDINANCE AMENDING ARTICLE 931, SECTION 931.01 OF THE MORGANTOWN CITY CODE, AS THE SAME APPLIES TO CREATION OF THE MORGANTOWN STORMWATER UTILITY AND THE OPERATION AND MANAGEMENT OF THE SAME BY THE MORGANTOWN UTILITY BOARD.

The City Council of the City of Morgantown hereby ordains that Article 931, Section 931.01 of the Morgantown City Code is amended as follows (new matter underlined, deleted matter struck through):

931.01 ESTABLISHED; DUTIES; FEES:

(a) There is hereby established the Morgantown Stormwater Utility, which shall be operated as a municipal stormwater system and combined with the existing public combined waterworks and sewerage system of The City of Morgantown (the "City") under Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"). This utility shall serve the Morgantown urban watershed, which shall include all areas within the corporate boundaries of the City of Morgantown and all adjacent and contiguous areas over and through which surface and stormwater flows into the City of Morgantown. The Stormwater Utility shall provide storm, flood and surface water drainage management services to all real property located within the Morgantown urban watershed.

(b) The Morgantown Stormwater Utility shall protect, to the greatest extent practicable, life, property and the water environment from loss, injury and damage by pollution, erosion, flooding, and other potential hazards, whether from natural causes or from human activity, and shall protect, to the greatest extent practicable, surface waters and receiving waters from pollution, mechanical damage, excessive flows, and other conditions which degrade the water environment, reduce recharging of groundwater, or endanger aquatic and benthic life within the Morgantown urban watershed and other receiving waters of the State. The Morgantown Stormwater Utility shall further meet the requirements of state and federal law and the City's municipal stormwater NPDES permit.

(c) The Morgantown Stormwater Utility is authorized to plan, acquire, improve, construct, inspect, develop, install, modify, manage, operate, maintain, replace, control, demolish, abandon, regulate, and fund storm and surface water drainage services, system and facilities within the urban watershed. The Utility is further authorized to acquire property and/or rights in land by gift, purchase, lease, or exercise of the right to eminent domain, to construct, to reconstruct, to improve, to better and to extend stormwater and flood management facilities within the City watershed. The Utility is further authorized to charge and collect rages and fees for these services, which rates and fees shall be determined by the Council of the City of Morgantown. The Utility is further authorized to accept federal funds under any federal law for actions

preliminary to construction/reconstruction or construction/reconstruction of stormwater and flood management facilities.

(d) The Morgantown Stormwater Utility is authorized, in anticipation of the collection of revenues of and from stormwater facilities, to issue revenue bonds to finance in whole or in part the cost of acquisition, construction, reconstruction, improvement, betterment or extension of such facilities, and to pledge punctual payment of said bonds and interest thereon all or any part of the revenues of the Utility.

(e) The Morgantown Stormwater Utility may enter into and perform contracts and agreements with other governmental entities, utility enterprises and private parties for or concerning the planning, construction, lease or other acquisition and the financing of stormwater and flood management facilities and the maintenance and operation thereof.

(f) Fees and charges for stormwater management services shall be subject to review, approval and enactment by the Morgantown City Council, pursuant to the Morgantown City Charter and the City Code of the City of Morgantown and the duly enacted operating procedures of City Council. Enacted rates and fees shall be sufficient to fully fund the operation of the Morgantown Stormwater Utility. Collected rates and fees shall be solely for the operation of the Stormwater Utility.

(g) Article 169, of the Morgantown City Code shall be amended to authorize the Morgantown Utility Board to operate and maintain the stormwater ~~collection~~ system as a part of the City's existing public combined waterworks and sewerage system pursuant to the Act.

(h) A new Article 929 shall be added to the Streets, Utilities, and Public Services Code of the City of Morgantown which shall address applicable stormwater management rules and regulations, as well as applicable service fees.

(i) All power and authority possessed by the City of Morgantown pertaining to public flood control and storm and surface water drainage services and operation of the Stormwater Utility is hereby transferred to the Morgantown Utility Board. The appointed General Manager of the Utility Board shall serve as Director of the Morgantown Stormwater Utility.

(j) All storm and surface water drainage systems or facilities owned or controlled by the City of Morgantown, and revenues raised for the purpose of or pertaining to public flood control and storm and surface water drainage services and operation of the Stormwater Utility, are to be collected and/or managed by the Morgantown Utility Board. The Utility Board shall, no less than annually, present to the City Council a budget and audited financial statements of the Stormwater Utility.

This ordinance shall be effective upon enactment.

FIRST READING: April 3, 2007

ADOPTED: May 1, 2007

FILED:

RECORDED:

Mayor

City Clerk

CL1153433.3

AN ORDINANCE AMENDING ARTICLE 169, SECTION 169.03 OF THE MORGANTOWN CITY CODE, AS THE SAME APPLIES TO CREATION OF THE MORGANTOWN STORMWATER UTILITY AND THE OPERATION AND MANAGEMENT OF THE SAME BY THE MORGANTOWN UTILITY BOARD.

The City Council of the City of Morgantown hereby ordains that Article 169, Section 169.03 of the Morgantown City Code is amended as follows (new matter underlined, deleted matter struck through):

169.03 POWERS AND DUTIES:

The Board shall have full and complete supervision, management and control of the waterworks system, ~~and~~ the sewerage system and the stormwater system, including the maintenance, operations, improvements and extension thereof, all of which shall be combined as a single system under Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "system"). ~~The Board shall also have full and complete supervision, management and control of the stormwater drainage system, including the maintenance, operations, improvements and extension thereof.~~ All bills for water, sewer and stormwater service shall be collected and accounted for by the Board in the manner and form required by law, the Public Service Commission and/or the ordinances of the City, and all disbursements and accounts of the system shall be ordered paid out only upon approval of such Board; provided however, that all such supervision, management and control of the systems and the collection and accounting for bills for water, sewer and stormwater service shall be consistent and in accordance with any ordinance pursuant to which the City may have authorized and issued any bonds form time to time outstanding, which by their terms are payable from and secured by the revenues of the system. The Board shall have the power and authority to make all contracts, agreements and other matters necessary or proper for the full complete supervision, management and control of the system.

This ordinance shall be effective upon enactment.

FIRST READING: April 3, 2007

ADOPTED: May 1, 2007

FILED:

RECORDED:

Mayor

Acting City Clerk

CLI154284.1

PUBLISHER'S CERTIFICATE

.....

VS.

.....

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I ...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 ..20..... day of ....April..., 20.....07... and ending on the ..27..... day of .....April....., 20.....07.....

The publisher's fee for said publication is $ ..136.05.....

Given under my hand this.....1.....day of.....May....., 20..07.....

(SEAL)

Advertising Manager of THE DOMINION POST

Subscribed and sworn to before me this ...1..... day of ...May....., 20....07...

.....

Notary Public of Monongalia County, W.Va.

My commission expires on the ...13... day of ...Dec....., 2009..... .

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
KELLEY V. DLUGOS
46 ANTIETAM DRIVE
MORGANTOWN, WV 26508
MY COMMISSION EXPIRES DEC. 13, 2009

012511 April 20, 27

THE CITY OF MORGANTOWN
NOTICE OF PUBLIC HEARING
ENACTMENT OF ORDINANCE AMENDING
CERTAIN PROVISIONS OF THE CITY
CODE RELATING TO THE
STORMWATER SYSTEM OF THE CITY

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, May 1, 2007, at 7:30 p.m., prevailing time, in Council Chambers in 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 suggestions, and all protests and suggestions shall be heard by the Council, and it shall then take such action as it shall deem proper in the premises upon all Ordinances published.

AN ORDINANCE AMENDING ARTICLE 169 SECTION 169.02 OF THE MORGANTOWN CITY CODE, AS THE SAME APPLIES TO CREATION OF THE MORGANTOWN STORMWATER UTILITY AND THE OPERATION AND MANAGEMENT OF THE SAME BY THE MORGANTOWN UTILITY BOARD

The above-entitled Ordinance was adopted on first reading by the Council of the City on April 3, 2007.

The City currently owns and operates a combined waterworks and sewerage system under Chapter 16, Article 20 of the West Virginia Code of 1991, as amended (the "Act"). The City also currently owns and operates a stormwater utility system for the benefit of the City and surrounding environs. The City desires to combine its existing stormwater utility with the existing combined waterworks and sewerage system of the City and to hereafter operate and maintain such combined waterworks, sewerage and stormwater system of the City as a single, combined system under the Act. The above-entitled ordinance effects amendments to Article 169 of the Morgantown City Code as the same relates to creation of the Morgantown Stormwater Utility and the management of the same by the Morgantown Utility Board in order to combine the existing stormwater utility with the existing public combined waterworks and sewerage system of the City.

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: April 20, 2007.

Linda Little
Clerk

ARTICLE 931
Morgantown Stormwater Utility

931.01 Established; duties; fees.

CROSS REFERENCES
Authority to regulate - see W.Va. Code Art. 8-20, 16-13

931.01 ESTABLISHED; DUTIES; FEES.

(a) There is hereby established the Morgantown Stormwater Utility. This utility shall serve the Morgantown urban watershed, which shall include all areas within the corporate boundaries of the City of Morgantown and all adjacent and contiguous areas over and through which surface and stormwater flows into the City of Morgantown. The Stormwater Utility shall provide storm, flood and surface water drainage management services to all real property located within the Morgantown urban watershed.

(b) The Morgantown Stormwater Utility shall protect, to the greatest extent practicable, life, property and the water environment from loss, injury and damage by pollution, erosion, flooding, and other potential hazards, whether from natural causes or from human activity, and shall protect, to the greatest extent practicable, surface waters and receiving waters from pollution, mechanical damage, excessive flows, and other conditions which degrade the water environment, reduce recharging of groundwater, or endanger aquatic and benthic life within the Morgantown urban watershed and other receiving waters of the State. The Morgantown Stormwater Utility shall further meet the requirements of state and federal law and the City's municipal stormwater NPDES permit.

(c) The Morgantown Stormwater Utility is authorized to plan, acquire, improve, construct, inspect, develop, install, modify, manage, operate, maintain, replace, control, demolish, abandon, regulate, and fund storm and surface water drainage services, system and facilities within the urban watershed. The Utility is further authorized to acquire property and/or rights in land by gift, purchase, lease, or exercise of the right to eminent domain, to construct, to reconstruct, to improve, to better and to extend stormwater and flood management facilities within the City watershed. The Utility is further authorized to charge and collect rates and fees for these services, which rates and fees shall be determined by the Council of the City of Morgantown. The Utility is further authorized to accept federal funds under any federal law for actions preliminary to construction/reconstruction or construction/reconstruction of stormwater and flood management facilities.

(d) The Morgantown Stormwater Utility is authorized, in anticipation of the collection of revenues of and from stormwater facilities, to issue revenue bonds to finance in whole or in part the cost of acquisition, construction, reconstruction, improvement, betterment or extension of such facilities, and to pledge punctual payment of said bonds and interest thereon all or any part of the revenues of the Utility.

(e) The Morgantown Stormwater Utility may enter into and perform contracts and agreements with other governmental entities, utility enterprises and private parties for or concerning the planning, construction, lease or other acquisition and the financing of stormwater and flood management facilities and the maintenance and operation thereof.

(f) Fees and charges for stormwater management services shall be subject to review, approval and enactment by the Morgantown City Council, pursuant to the Morgantown City Charter and the City Code of the City of Morgantown and the duly enacted operating procedures of City Council. Enacted rates and fees shall be sufficient to fully fund the operation of the Morgantown Stormwater Utility. Collected rates and fees shall be solely for the operation of the Stormwater Utility.

(g) Article 169, of the Morgantown City Code shall be amended to authorize the Morgantown Utility Board to operate and maintain the stormwater collection system.

(h) A new Article 929 shall be added to the Streets, Utilities, and Public Services Code of the City of Morgantown which shall address applicable stormwater management rules and regulations, as well as applicable service fees.

(i) All power and authority possessed by the City of Morgantown pertaining to public flood control and storm and surface water drainage services and operation of the Stormwater Utility is hereby transferred to the Morgantown Utility Board. The appointed General Manager of the Utility Board shall serve as Director of the Morgantown Stormwater Utility.

(j) All storm and surface water drainage systems or facilities owned or controlled by the City of Morgantown, and revenues raised for the purpose of or pertaining to public flood control and storm and surface water drainage services and operation of the Stormwater Utility, are to be collected and/or managed by the Morgantown Utility Board. The Utility Board shall, no less than annually, present to the City Council a budget and audited financial statements of the Stormwater Utility. (Ord. 02-14. Passed 5-21-02.)

AN ORDINANCE AMENDING ARTICLE 169 OF THE MORGANTOWN CITY CODE BY ADDING A NEW SECTION 169.01(B) THERETO AND AMENDING SECTIONS 169.03, 169.04 AND 169.06 AS THE SAME APPLY TO STORMWATER MANAGEMENT AND CONTROL BY THE MORGANTOWN UTILITY BOARD.

WHEREAS, Morgantown City Council desires to amend article 169 of the Morgantown City Code so as to clearly state that the Morgantown Utility Board has the authority to manage and control stormwater.

NOW, THEREFORE, the City of Morgantown hereby ordains that article 169 is amended by adding a new subsection 169.01(b) thereto and adding to sections 169.03, 169.04 and 169.06, all of which shall read as follows (new matter underlined, deleted matter ~~struck through~~):

169.01 CREATION; MEMBERS; COMPENSATION.

a) Upon the issuance of the combined waterworks and sewerage system refunding revenue bonds, the management, control and operation of the waterworks system and the sewerage system of the City shall be vested in the Morgantown Utility Board (the "Board"), created, appointed and functioning as hereinafter provided.

b) The management, control and operation of the stormwater drainage and sewer system of the City shall be vested in the Morgantown Utility Board.

c) The Board shall consist of five persons, each of whom shall be citizens and residents of the City, shall be persons of outstanding reputation, ability and integrity, and shall be appointed by Council. The City Manager shall notify all appointees of their appointment. The terms of such Boardmembers first appointed shall be for one, two, three, four and five years, respectively, from the first day of the month in which appointed. In the event of a vacancy and also within thirty days after the expiration of the term of office of any Boardmember, a successor shall be appointed by Council. All vacancies shall be filled for the unexpired term only and all other appointments shall be for a term of five years, to commence on the date following the scheduled expiration date of the previous term. The Board shall adopt rules of procedure for the time and place of its meetings and the conduct thereof. Any Boardmember shall be eligible for reappointment upon the expiration of his term. The Boardmembers shall each receive compensation for their services at the rate established by ordinance of Council and in addition, shall be reimbursed for any and all expenses incurred in the performance of their duties under order of the Board. Each Boardmember shall be

subject to removal for just cause by Council by the recorded vote of a majority of Council after a public hearing thereon. The decision of Council as to such removal shall be final and not subject to review by any court, arbitrator or other body, and each Boardmember accepting such appointment shall acknowledge the finality of such decision.

169.03 POWERS AND DUTIES.

The Board shall have full and complete supervision, management and control of the ~~waterworks system and sewerage system~~, including the maintenance, operations, improvements and extension thereof, which shall be combined as a single system (the "system"). The Board shall also have full and complete supervision, management and control of the stormwater drainage system, including the maintenance, operations, improvements and extension thereof. All bills for water, sewer and stormwater service shall be collected and accounted for by the Board in the manner and form required by law, the Public Service Commission and/or the ordinances of the City, and all disbursements and accounts of the system shall be ordered paid out only upon approval of such Board; provided however, that all such supervision, management and control of the systems and the collection and accounting for bills for water, sewer and stormwater service shall be consistent and in accordance with any ordinance pursuant to which the City may have authorized and issued any bonds from time to time outstanding, which by their terms are payable from and secured by the revenues of the system. The Board shall have the power and authority to make all contracts, agreements and other matters necessary or proper for the full complete supervision, management and control of the systems.

169.04 GENERAL MANAGER ~~SUPERINTENDENT~~ CREATED OTHER EMPLOYEES.

The Board shall have power to employ, affix the compensation of and discharge a General Manager ~~Superintendent~~ of the system and shall direct, employ and fix the compensation of and discharge all other employees of the system. The General Manager ~~Superintendent~~ of the system, upon his appointment and taking office, shall furnish and file with the City Clerk, a bond in the sum and penalty of fifty thousand dollars ($50,000), the cost of such bond to be payable from revenues of the system and such bond shall be payable to the City and conditioned as to the faithful performance of the General Manager's ~~Superintendent's~~ duties as are fixed by the Board.

169.06 WATERWORKS, SEWERAGE SYSTEM, AND STORMWATER SYSTEM ACCOUNTS; PERSONNEL POLICIES.

Following the defeasance of the water revenue bonds and sewer revenue bonds, all assets and liabilities of the waterworks system and sewerage system, including accounts receivable and accounts payable and all employees thereof, shall be under the management and control of the Board. All assets and liabilities of the stormwater system, including accounts receivable and accounts payable, shall be under the management and control of the Board. Personnel policies and practices and other matters affecting employees of the Board, except pensions, shall be determined by the Board.

This Ordinance shall be effective upon date of adoption.

FIRST READING: May 7, 2002

ADOPTED: May 21, 2002

FILED: May 22, 2002

RECORDED: May 22, 2002

Mayor

Linda L. Lotts
City Clerk

CHAPTER THREE - Legislative
Art. 121. Council.

ARTICLE 121
Council

GENERAL PROVISIONS
121.01 Membership attendance.
121.02 Term and compensation of Councilmanic appointees.
121.03 Councilperson not to be bond surety.
RULES OF PROCEDURE
121.04 Order of procedure.
121.05 Suspension or change.
121.06 Reading of minutes of preceding meeting.
121.07 Presiding officer; vote; authentication of legislation.
121.08 Decorum during debate.
121.09 Calling member to order.
121.10 Deciding questions of order.
121.11 Voting.
121.12 Consent calendar.
121.13 Reducing motion to writing.
121.14 Motion before Council; withdrawing motion.
121.15 Precedence of motions.
121.16 Statement of questions.
121.17 Call for the previous questio
121.18 Call for division of the quest.
121.19 Call for the ayes and noes.
121.20 Recordation of member's prot
121.21 Members not to withdraw.
121.22 Procedure in absence of quor
121.23 Business laid upon the table.
121.24 Applicability of Robert's Rules of Order.
SPECIAL COMMITTEES
121.25 General provisions.
121.26 Agenda; report to Council.
121.27 Mayor as ex officio member.
121.28 Meetings.
121.29 Quorum.
121.30 Powers.
121.21 Rules of procedure.
121.32 Unfinished business.
121.33 Removal of officers and memb

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

627490

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.

_____, Mayor

(1967 Code Sec. 2-8.)

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 adjour shall always be in order unless Council is engaged in voting. A motion to adjourn o lay on the table shall be decided without debate; and an ordinance or resolution afte 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, Jon Marra 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 _____ for the City of Morgantown so long as I shall continue therein to the best of my skill and judgment.

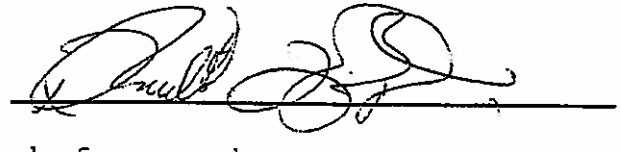
Subscribed and sworn to before me by _____ this 5th day of July, 2011.

Linda L Little

Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Ron Bowe 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 judgment.



Subscribed and sworn to before me by _____ this 5th day of July, 2011.

Linda L Lunn

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 judgment.

Bill Byrne

Subscribed and sworn to before me by _____ this 5th day of July, 2011.

Linda L Sutton

Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Linda Herbst 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 judgment.

x Linda Herbst

Subscribed and sworn to before me by _____ this 5th day of July, 2011.

Linda K. Kisner

Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Wes Nugent 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 judgment.

Wesley B. Nugent

Subscribed and sworn to before me by _____ this 5th day of July, 2011.

Linda L Little

Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Jenny Selin 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 judgment.

x Jay Selin

Subscribed and sworn to before me by _____ this 5th day of July, 2011.

Linda L Little

Clerk of the City of Morgantown

STATE OF WEST VIRGINIA, CITY OF MORGANTOWN, ss.

I, Marty Shamberger 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 judgment.

Marty Shamberger

Subscribed and sworn to before me by _____ this 5th day of July, 2011.

Linda L. Sutton

Clerk of the City of Morgantown

REGULAR MEETING JANUARY 3, 2012:
The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Wednesday, January 3, 2012 at 7:30 P.M.

PRESENT: City Manager Terrence Moore, City Clerk Linda Little, City Attorney Steve Fanok, Deputy City Manager Jeff Mikorski, Mayor Jim Manilla and Council Members Ron Bane, Wes Nugent, Marti Shamberger, Bill Byrne and Linda Herbst. Councilor Jenny Selin was absent.

APPROVAL OF MINUTES: The minutes of the Regular Meeting on December 20, 2011 were approved as printed.

CORRESPONDENCE: Promotional oaths of office were presented to Firefighters Eric Nickelson and Joshua Morgan.

PUBLIC HEARING - A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (COLLECTIVELY, THE "BONDS"). THE PROCEEDS OF THE BONDS WILL BE USED (I) TO PAY A PORTION OF THE COSTS OF A ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE ISSUER (THE "PROJECT"); AND (II) TO PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS AND RELATED COSTS. THE BONDS ARE PAYABLE SOLELY FROM REVENUES TO BE DERIVED FROM THE OWNERSHIP AND OPERATION OF THE WATER SYSTEM OF THE CITY.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

Storm.

PUBLIC HEARING - A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 (THE "SERIES 2012 BONDS"). THE PROCEEDS OF THE SERIES 2012 BONDS WILL BE USED (I) TO FINANCE THE COST OF ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE ISSUER; (II) TO FUND A RESERVE ACCOUNT FOR THE SERIES 2012 BONDS; AND (III) TO PAY CERTAIN COSTS OF ISSUANCE OF THE SERIES 2012 BONDS AND RELATED COSTS. THE SERIES 2012 BONDS ARE PAYABLE FROM THE REVENUES DERIVED FROM THE SYSTEM.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

PUBLIC HEARING - AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF REALTY IN THE SIXTH WARD OF THE CITY OF MORGANTOWN FROM (PUD) PLANNED UNIT DEVELOPMENT TO (R-1A) SINGLE-FAMILY RESIDENTIAL DISTRICT THEREBY RESCINDING THE "HABITAT FOR HUMANITY JEROME PARK PLANNED UNIT DEVELOPMENT" BY AMENDING ARTICLE 1331 OF THE PLANNING AND ZONING CODE 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 HEREIN.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

PUBLIC HEARING - AN ORDINANCE BY THE CITY OF MORGANTOWN, REPEALING ARTICLE 161 OF THE CITY'S ADMINISTRATIVE CODE, AS THE SAME APPLIES TO THE HOUSING AUTHORITY.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

PUBLIC HEARING - A JOINT RESOLUTION OF THE COUNCIL FOR THE CITY OF FAIRMONT, WEST VIRGINIA, AND THE COUNCIL, FOR THE CITY OF MORGANTOWN, WEST VIRGINIA, PROVIDING FOR THE CONSOLIDATION OR MERGER OF THE HOUSING AUTHORITY OF THE CITY OF FAIRMONT, WEST VIRGINIA, AND THE MORGANTOWN HOUSING AUTHORITY PURSUANT TO THE PROVISIONS OF WEST VIRGINIA CODE 16-15-3B, AS AMENDED, TO FORM A REGIONAL HOUSING AUTHORITY AND FURTHER APPROVING THE PLAN OF MERGER AND AUTHORIZING THE EXECUTION THEREOF.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

UNFINISHED BUSINESS:

A BOND ORDINANCE FOR BETTERMENTS TO THE WHISPERING WOODS/QUARRY RUN WATER PROJECT: The below entitled Ordinance was presented for third reading:

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (COLLECTIVELY, THE "BONDS"). THE PROCEEDS OF THE BONDS WILL BE USED (I) TO PAY A PORTION OF THE COSTS OF A ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE ISSUER (THE "PROJECT"); AND (II) TO PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS AND RELATED COSTS. THE BONDS ARE PAYABLE SOLELY FROM REVENUES TO BE DERIVED FROM THE OWNERSHIP AND OPERATION OF THE WATER SYSTEM OF THE CITY.

Motion by Bane, second by Nugent to adopt the above entitled Ordinance. After explanation from the City Manager, motion carried 6-0. Selin Absent.

A BOND ORDINANCE FOR BETTERMENTS TO THE SABRATON STORMWATER PROJECT: The below entitled Ordinance was presented for third reading:

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 (THE "SERIES 2012 BONDS"). THE PROCEEDS OF THE SERIES 2012 BONDS WILL BE USED (I) TO FINANCE THE COST OF ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE ISSUER; (II) TO FUND A RESERVE ACCOUNT FOR THE SERIES 2012 BONDS; AND (III) TO PAY CERTAIN COSTS OF ISSUANCE OF THE SERIES 2012 BONDS AND RELATED COSTS. THE SERIES 2012 BONDS ARE PAYABLE FROM THE REVENUES DERIVED FROM THE SYSTEM.

Motion by Nugent, second by Bane to adopt the above entitled Ordinance. After explanation from the City Manager, motion carried 6-0. Selin Absent.

AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF PARCELS IN THE SIXTH WARD, HABITAT FOR HUMANITY, JEROME PARK HUD: The below entitled Ordinance was presented for second reading:

AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF REALTY IN THE SIXTH WARD OF THE CITY OF MORGANTOWN FROM (PUD) PLANNED UNIT DEVELOPMENT TO (R-1A) SINGLE-FAMILY RESIDENTIAL DISTRICT THEREBY RESCINDING THE "HABITAT FOR HUMANITY JEROME PARK PLANNED UNIT DEVELOPMENT" BY AMENDING ARTICLE 1331 OF THE PLANNING AND ZONING CODE 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 HEREIN.

Motion by Herbst, second by Bane to approve the above entitled Ordinance. After discussion, motion carried 6-0. Selin Absent.

AN ORDINANCE REPEALING ARTICLE 161: The below entitled Ordinance was presented for second reading:

AN ORDINANCE BY THE CITY OF MORGANTOWN, REPEALING ARTICLE 161 OF THE CITY'S ADMINISTRATIVE CODE, AS THE SAME APPLIES TO THE HOUSING AUTHORITY.

Motion by Nugent, second by Shamberger to approve the above entitled Ordinance. After explanation from the City Manager, motion carried 6-0. Selin Absent.

A JOINT RESOLUTION OF THE COUNCIL FOR THE CITY OF FAIRMONT, WEST VIRGINIA, AND THE COUNCIL, FOR THE CITY OF MORGANTOWN, WEST VIRGINIA, PROVIDING FOR THE CONSOLIDATION OR MERGER OF THE HOUSING AUTHORITY OF THE CITY OF FAIRMONT, WEST VIRGINIA, AND THE MORGANTOWN HOUSING AUTHORITY PURSUANT TO THE PROVISIONS OF WEST VIRGINIA CODE 16-15-3B, AS AMENDED, TO FORM A REGIONAL HOUSING AUTHORITY AND FURTHER APPROVING THE PLAN OF MERGER AND AUTHORIZING THE EXECUTION THEREOF. The above entitled Resolution was presented for second reading.

Motion by Byrne, second by Nugent to approve the above entitled Resolution. Motion carried 6-0.

BOARDS AND COMMISSIONS: None.

PUBLIC PORTION:

There being no appearances, Mayor Manilla declared the public portion closed.

NEW BUSINESS:

A RESOLUTION AUTHORIZING THE EXECUTION OF A GOVERNOR'S COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE METROPOLITAN THEATRE: The above entitled Resolution was presented for approval:

Motion by Byrne, second by Shamberger to approve the above entitled Resolution. Following remarks from the City Manager, motion carried 6-0. Selin Absent.

A RESOLUTION AUTHORIZING THE EXECUTION OF A GOVERNOR'S COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE MOUNTAINEER BOYS AND GIRLS CLUB: The above entitled Resolution was presented for approval.

Motion by Bane, second by Nugent to approve the above entitled Resolution. Motion carried 6-0. Selin Absent.

A RESOLUTION AUTHORIZING THE EXECUTION OF A GOVERNOR'S COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE MORGANTOWN MARKET PLACE PROJECT: The above entitled Resolution was presented for approval.

Motion by Nugent, second by Byrne to approve the above entitled Resolution. Motion carried 6-0. Selin Absent.

SPECIAL COMMITTEE REPORTS: Councilor Byrne reminded that a presentation will be given on the Friendship City application from China at the next regular meeting. Mayor Manilla then announced that Evan Dove, WVU SGA President is in attendance, and allowed him to make a few remarks. Mr. Dove thanked Council for their cooperation on the downtown lighting issues and stated he looks forward to working with Council in the future.

CITY MANAGERS REPORT:

INFORMATION:

Item No. 1: Consideration and Analysis – Assess Property Valuation

Mr. Moore gave a brief explanation, and then allowed further remarks from Finance Director JR Sabatelli. Discussion followed.

CITY CLERK'S REPORT: City Clerk Little reminded Council Members of the upcoming West Virginia Municipal League Mid-Winter Conference in Charleston, WV.

CITY ATTORNEY'S REPORT: No Report.

REPORT FROM COUNCIL MEMBERS:

Councilor Bane:	Councilor Bane requested an update on sidewalks, curbs and trees along High Street, as well as an update on the Hog Back Turn issues. Mr. Moore replied he will have more information for Council on these matters at the Jan. 17th meeting. He will have other meetings concerning Hog Back Turn and will report to Council at Committee of the Whole.
Councilor Nugent:	Councilor Nugent mentioned 2012 calendars provided by WVU Extension Services, as well as various activities upcoming for the Museum including 'History of Tow Boats on the Mon River', 'Flight to the Moon', and other presentations.
Councilor Selin:	Absent.
Councilor Shamberger:	Councilor Shamberger reminded Council of upcoming MLK Day events in Morgantown.

Councilor Byrne:	Councilor Byrne wished everyone a Happy New Year.
Councilor Herbst:	Councilor Herbst inquired about changing the Agenda Order, and public portion, and the starting time of public meetings. She also wished everyone a Happy New Year.
Mayor Manilla:	Mayor Manilla asked that Tom Arnold attend the Feb. COW meeting to discuss trash issues and reminded everyone that Wednesday will be a busy day of Mountaineer sports.

EXECUTIVE SESSION: Motion by Herbst, second by Nugent, carried by unanimous consent, Council entered into Executive Session pursuant to West Virginia State Code Section 6-9A-4, with Council Members, City Manager, Deputy City Manager, City Attorney, Building Commission Members, and Attorney Shuman present in order to discuss matters of attorney-client privilege at 8:10 p.m.

ADJOURNMENT: There being no further items of business or discussion, the meeting adjourned by unanimous consent at 9:15 p.m.

_____
City Clerk

_____
Mayor

***A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.**

REGULAR MEETING DECEMBER 20, 2011:
The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Wednesday, December 20, 2011, at 7:30 P.M.

PRESENT: City Manager Terrence Moore, City Clerk Linda Little, City Attorney Steve Fanok, Deputy City Manager Jeff Mikorski, Mayor Jim Manilla and Council Members Ron Bane, Wes Nugent, Jenny Selin, Marti Shamberger, Bill Byrne and Linda Herbst.

APPROVAL OF MINUTES: The minutes of the Regular Meeting on December 6, 2011 and the Special Meeting on December 15, 2011 were approved as printed.

CORRESPONDENCE: Mayor Manilla asked Delegates Marshall and Barill to address Council on an announcement from the Governor. Delegate Marshall awarded to Council a $4,000 Grant for the Boys and Girls Club and a $20,000 grant to the Market Place from the Community Participation Program.

PUBLIC HEARING - AN ORDINANCE AMENDING ARTICLE 169, SECTION 169.01, OF THE MORGANTOWN CITY CODE, AS THE SAME APPLIES TO MORGANTOWN UTILITY BOARD MEMBERS.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

PUBLIC HEARING - AN ORDINANCE AUTHORIZING A LICENSE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN, LICENSOR, AND MONONGALIA COUNTY DEVELOPMENT AUTHORITY, LICENSEE, AS THE SAME APPLIES TO A PORTION OF THE REALTY BEING UTILIZED FOR THE CONSTRUCTION OF ROAD KNOWN AS THE MORGANTOWN MUNICIPAL AIRPORT ACCESS ROAD.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

UNFINISHED BUSINESS:

AN ORDINANCE AMENDING ARTICLE 169, SECTION 169.01, OF THE MORGANTOWN CITY CODE, AS THE SAME APPLIES TO MORGANTOWN UTILITY BOARD MEMBERS: The below entitled Ordinance was presented for second reading:

Motion by Byrne, second by Bane to adopt the above entitled Ordinance. Motion carried 7-0.

AN ORDINANCE AUTHORIZING AN AGREEMENT BETWEEN MON. COUNTY DEVLEOPMENT AUTHORITY AND AIRPORT ACCESS ROAD: The below entitled Ordinance was presented for second reading:

AN ORDINANCE AUTHORIZING A LICENSE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN, LICENSOR, AND MONONGALIA COUNTY DEVELOPMENT AUTHORITY, LICENSEE, AS THE SAME APPLIES TO A PORTION OF THE REALTY BEING UTILIZED FOR THE CONSTRUCTION OF ROAD KNOWN AS THE MORGANTOWN MUNICIPAL AIRPORT ACCESS ROAD.

Motion by Bane, second by Byrne to adopt the above entitled Ordinance. Motion carried 7-0.

BOARDS AND COMMISSIONS: By acclamation of Council, the following persons were appointed to their respective boards and commissions: Shane Mardis as IAFF Local 313 Representative to the Fire Civil

Service Commission; William Wyant to the Traffic Commission as the Planning Commission representative; and Judith Kierig as the 2nd ward representative on the Urban Landscape Commission.

PUBLIC PORTION:

Renee Hernandez, Overdale Street, Greenmont, wished Happy Holidays to all, and stated her complete support of the County-wide smoking ban. Ms. Hernandez asked that Council address truck noise in her neighborhood, and requested that Council keep the fracking Ordinance on the books.

Paul Brown, 421 Grand Street, requested Council maintain the fracking Ordinance, and presented a draft Resolution for Council's consideration.

Phyllis Marshall, President, League of Women Voters, requested Council not repeal the fracking Ordinance, as the Marcellus legislation offers little protection in several key areas. Ms. Marshall asked that Council not repeal the ordinance until suitable State regulations are in place.

Candace Jordon, Westover, stated that she visited a 7th grade class that had been researching fracking and was amazed how much they understood. She expressed her interest in attending City Council meetings to join the dialogue on these issues. Ms. Jordon commented that she was disappointed that Council is considering repealing the fracking Ordinance after all the work the committee members have done. Ms. Jordon then handed Council a photo showing people who will be protected if Council keeps the Ordinance.

Don Spencer, 565 Harvard Avenue, stated that the Special Committee Bill was a compromise and the bill is geared toward industry, not community. Mr. Spencer noted that the bill removes the Select Committee provision, and allowed the DEP to "condition" or deny drilling permits based on proximity to water supplies, municipalities and densely populated areas, impact on water tables, public resources, natural landmarks, archeological sites, historical sites and other special places. He continued that there are legislators who want to make this work, and it would be beneficial to keep the Ordinance on the Agenda.

Eve Faulks, 49 Maple Avenue, congratulated Council for being leaders in democracy for implementing the fracking ban. She urged Council to continue that leadership by leaving the Ordinance in place to protect the community. She invited Council to a public forum on fracking.

Suzanne McDonald, 911 Fairfax Drive, President, Evansdale Neighborhood Association, asked that Council keep the fracking ban, as it sends a strong message to the State Legislature. She feels it would send the wrong message if the Ordinance were repealed.

Bill Kawecki, 329 Copen Avenue, spoke in support of the fracking ban and urged Council not to repeal the Ordinance.

There being no more appearances, Mayor Manilla declared this public portion closed.

NEW BUSINESS:

AN ORDINANCE AUTHORIZING THE SABRATON STORMWATER PROJECT BONDS: ✓
The below entitled Ordinance was presented for second reading:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

Motion by Byrne, second by Bane to pass the above entitled Ordinance to third reading. Motion carried 7-0.

AN ORDINANCE AUTHORIZING THE WHISPERING WOODS/QUARRY RUN WATER PROJECT BONDS: The below entitled Ordinance was presented for second reading:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF 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.

Motion by Bane, second by Byrne to pass the above entitled Ordinance to third reading. Motion carried 7-0.

AN ORDINANCE REPEALING ARTICLE 721: The below entitled Ordinance was presented for first reading:

AN ORDINANCE BY THE CITY OF MORGANTOWN REPEALING ARTICLE 721 OF THE CITY OF MORGANTOWN BUSINESS AND TAXATION CODE, AS THE SAME APPLIES TO WELL DRILLING.

Motion by Bane, second by Nugent to pass the above entitled Ordinance to second reading. After discussion, and comments from the City Manager, Motion by Selin, second by Byrne, to table the above entitled Ordinance. Motion to table carried 4-3. Councilors Nugent, Herbst, and Mayor Manilla voted NO.

AN ORDINANCE REPEALING ARTICLE 161: The below entitled Ordinance was presented for first reading:

AN ORDINANCE BY THE CITY OF MORGANTOWN, REPEALING ARTICLE 161 OF THE CITY'S ADMINISTRATIVE CODE, AS THE SAME APPLIES TO THE HOUSING AUTHORITY.

Motion by Nugent, second by Byrne to pass the above entitled Ordinance to second reading. Following clarification from City Manager Terrence Moore and City Attorney Steve Fanok, motion carried 7-0.

A JOINT RESOLUTION AUTHORIZING OF THE COUNCIL FOR THE CIT OF FAIRMONT, WEST VIRGINIA, AND THE COUNCIL, FOR THE CITY OF MORGANTOWN, WEST VIRGINIA, PROVIDING FOR THE CONSOLIDATION OR MERGER OF THE HOUSING AUTHORITY OF THE CITY OF FAIRMONT, WEST VIRGINIA, AND THE MORGANTOWN HOUSING AUTHORIY PURSUANT TO THE PROVISIONS OF WEST VIRGINIA CODE 16-15-3B, AS AMENDED, TO FORMA REGIONAL HUSING AUTHORITY AND FURTHER APPROVING THE PLAN OF MERGER AND AUTHORIZING THE EXECUTION THEREOF.

Motion by Nugent, second by Bane, to pass the above entitled Resolution to second reading. Motion carried 7-0.

SPECIAL COMMITTEE REPORTS: Councilor Nugent commended the Museum Commission for the success of their grand opening event, and announced upcoming events at the Museum.

Councilor Byrne then reported that the Sister Cities Commission has started work on a display of items and artifacts from our Sister City in Guanajuato, Mexico at the Municipal Airport, and thanked Airport Director Michael Clow for his cooperation.

CITY MANAGERS REPORT:

INFORMATION:

Item No. 1: Interim Budget and Financial Update.

Mr. Moore gave explanation on recent budget items, and allowed further remarks from Finance Director JR Sabatelli. Discussion followed.

NEW BUSINESS:

Item No. 1: Appointment of Airport Director Michael Clow to serve on the Monongalia County Development Authority.

By acclamation, Council unanimously approved Airport Director Michael Clow to serve on the Monongalia Development Authority.

Item No. 2: Proposed Budget Calendar for FY 2012-2013.

By acclamation, Council unanimously approved of the Proposed Budget Calendar for FY 2012-2013.

Item No. 3: Insurance Renewal.

By acclamation, Council unanimously approved of the Insurance Renewal.

CITY CLERK'S REPORT: City Clerk complimented the Woodburn Elementary School Choir for their performance, and thanked City Employees for their contributions to the Scotts Run Settlement House and the United Way.

CITY ATTORNEY'S REPORT: No Report.

REPORT FROM COUNCIL MEMBERS:

Councilor Bane:	Councilor Bane thanked Clerk Little for all her hard work, despite being under the weather tonight. He thanked the WVU President for inviting Council to a recent event. He also thanked Mr. Sabatelli for his attentiveness to Council's budget inquiries and commented further on the budget, as well as the fracking Ordinance.
Councilor Nugent:	Councilor Nugent announced that Morgantown has been ranked No. 3 as a 'Best Performing" small City in the nation by a recent study. He announced the upcoming Wiles Hill neighborhood association meeting. He also expressed interest in discussing some neighborhood issues with the City Manager.
Councilor Selin:	Councilor Selin concurred with Councilor Bane, and then thanked those who are working in the legislature on fracking issues. She then expressed appreciation to City staff and administration.
Councilor Shamberger:	Councilor Shamberger announced the upcoming MLK Day events at the Met Theatre.
Councilor Byrne:	Councilor Byrne also stated that the reopening of the Morgantown Museum was an excellent event. He then asked that the Friendship City Application from Quanshan District, Xuzhou City, China be added to the Agenda for approval at the upcoming January 17th Council Meeting. Council agreed by consensus. He concluded by sharing additional comments about fracking issues.
Councilor Herbst:	Councilor Herbst also commended the Museum reopening event. She encouraged those who are passionate about such issues, to continue petitioning the legislature for better fracking regulation.
Mayor Manilla:	Mayor Manilla also commended the Museum Commission for all their hard work. Each member of Council wished the citizens of Morgantown 'Happy Holidays' and 'Happy New Year'.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 9:40 p.m.

City Clerk

Mayor

*A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.

REGULAR MEETING DECEMBER 6, 2011:
The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Wednesday, December 6, 2011, at 7:30 P.M.

PRESENT: City Manager Terrence Moore, City Clerk Linda Little, City Attorney Steve Fanok, Deputy City Manager Jeff Mikorski, Mayor Jim Manilla and Council Members Ron Bane, Wes Nugent, Jenny Selin, Marti Shamberger, Bill Byrne and Linda Herbst.

APPROVAL OF MINUTES: The minutes of the Regular Meeting on November 15, 2011 and the Special Meeting on November 29, 2011 were approved as printed.

CORRESPONDENCE: Mayor Manilla then presented award certificates to the WVU Women's Soccer and Cross County teams as well as the MHS Girls' Soccer and Cross Country teams.

PUBLIC HEARING - AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING SECTIONS 929.01, 929.03, 929.05, 929.06, 929.10, 929.13, 929.19, 929.20 AND 929.22 OF ITS STREETS, UTILITIES AND PUBLIC SERVICES CODE, AS THE SAME APPLIES TO STORMWATER MANAGEMENT AND SURFACE WATER DISCHARGE CONTROL.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

PUBLIC HEARING - AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING ARTICLE 1741 OF ITS BUILDING AND HOUSING CODE, AS THE SAME APPLIES TO GRADING PERMITS.

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

PUBLIC HEARING – AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING ARTICLE 1705 OF ITS BUILDING AND HOUSING CODE, AS THE SAME APPLIES TO BUILDING PERMIT COORDINATION WITH PROVISIONS SET FORTH IN ARTICLE 1741 "GRADING REQUIREMENTS" AND ARTICLE 929 "STORMWATER ORDINANCE".

There being no appearances or objections, Mayor Manilla declared the Public Hearing closed.

PUBLIC HEARING – AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF A PARCEL OF REAL ESTATE IN THE FIFTH WARD OF THE CITY OF MORGANTOWN FROM (B-1) NEIGHBORHOOD BUSINESS DISTRICT TO (B-4) GENERAL BUSINESS DISTRICT BY AMENDING ARTICLE 1331 OF THE PLANNING AND ZONING CODE 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 HEREIN.

Scott Batt, Property Owner in regard to above rezoning Ordinance, passed out materials to Council and asked them to reconsider based on land use alone.

Pastor Michael Hadaway, Trinity Episcopal Church, voiced concern for the zoning status of the Church property relating to its location adjacent to the above referenced rezoning Ordinance. He added that the rezoning would affect the parking lot and also several community functions of the Church property.

Betty Cross, 524 Milford Street expressed opposition to the rezoning Ordinance because of the heritage and beauty of the property, stating a change would be inappropriate.

Rebecca Singleton, 225 Lebanon, stated that she is not against the zoning change, but since she is a member of the church the increase of use of the shared church parking lot would negatively impact the outreach programs of the church and decrease accessibility.

Rodney Pyles, 536 Harvard Avenue, Member- Historic Landmarks Commission, stated that historic buildings are important to the downtown area, and the zoning change could lead to the deterioration of more historical buildings.

Vanessa Pyles, 536 Harvard, stated that historical buildings are one of a kind and citizens should stand up to protect the historic districts.

Kara Haas, 727 Louise Avenue, shared that she researches historic buildings in our state and noted the importance of preserving these types of buildings. She added that the Trinity Church outreach programs are important and urged Council to keep the area preserved as it is without changes.

Charlie Byrer, 420 Raymond, spoke in opposition to the proposed rezoning, and reminded that once a building is destroyed it is gone forever.

Terri Cutright, Executive Director- Main Street Morgantown, stated that she understands the differences between preservation and economic development, and that the community should strive for a balance, although sometimes sacrifices are made. She urges Council to make a good decision and offered to answer any questions Council may have.

George Papandreas, President- Main Street Morgantown, spoke in favor of the proposed rezoning and assured that the project is planned to re-use the existing historic building. He reminded Council that the Planning Commission did not follow the recommendations of the Director of Development Services and presented an alternate interpretation to Council.

Bill Kawecki, 324 Cobun Avenue, reminded Council that the property owner bought the property knowing full well the current zoning requirements. He also stated that he feels the Planning Commission made a good decision in not recommending the proposed rezoning.

Susan McDonald, 911 Fairfax Drive, asked Council not to consider the proposed rezoning, and leave property with its existing zoning requirements.

There being no other appearances or objections, Mayor Manilla declared the Public Hearing closed.

UNFINISHED BUSINESS:

AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING SECTIONS OF ITS STREETS, UTILITIES AND PUBLIC SERVICES CODE, STORMWATER MANAGEMENT: The below entitled Ordinance was presented for second reading:

AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING SECTIONS 929.01, 929.03, 929.05, 929.06, 929.10, 929.13. 929.19, 929.20 AND 929.22 OF ITS STREETS, UTILITIES AND PUBLIC SERVICES CODE, AS THE SAME APPLIES TO STORMWATER MANAGEMENT AND SURFACE WATER DISCHARGE CONTROL.

Motion by Bane, second by Byrne to adopt the above entitled Ordinance. After explanation from the City Manager, motion carried 7-0.

AN ORDINANCE AMENDING THE BUILDING AND HOUSING CODE, GRADING PERMITS: The below entitled Ordinance was presented for second reading:

AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING ARTICLE 1741 OF ITS BUILDING AND HOUSING CODE, AS THE SAME APPLIES TO GRADING PERMITS.

Motion by Byrne, second by Selin to adopt the above entitled Ordinance. After explanation from the City Manager, motion carried 7-0.

AN ORDINANCE AMENDING THE BUILDING AND HOUSING CODE, PERMIT COORDINATION: The below entitled Ordinance was presented for second reading:

AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING ARTICLE 1705 OF ITS BUILDING AND HOUSING CODE, AS THE SAME APPLIES TO BUILDING PERMIT COORDINATION WITH PROVISIONS SET FORTH IN ARTICLE 1741 "GRADING REQUIREMENTS" AND ARTICLE 929 "STORMWATER ORDINANCE".

Motion by Byrne, second by Selin to adopt the above entitled Ordinance. Motion carried 7-0.

AN ORDINANCE PROVIDING FOR A ZONING RECLASSIFICATION OF A PARCEL OF REAL ESTATE IN THE FIFTH WARD: The below entitled Ordinance was presented for second reading:

AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF A PARCEL OF REAL ESTATE IN THE FIFTH WARD OF THE CITY OF MORGANTOWN FROM (B-1) NEIGHBORHOOD BUSINESS DISTRICT TO (B-4) GENERAL BUSINESS DISTRICT BY AMENDING ARTICLE 1331 OF THE PLANNING AND ZONING CODE 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 HEREIN.

After discussion, motion by Selin second by Shamberger to deny the above entitled Ordinance. Motion carried 4-3, Councilors Byrne, Herbst, and Mayor Manilla voted NO.

Councilor Bane motioned, seconded by Nugent to take the Marcellus Shale Drilling Ban Ordinance off the Table, and be placed on the December 20th Regular Meeting Agenda. Question was called and carried 4-3 with Councilors Selin, Shamberger and Byrne voting NO.

BOARDS AND COMMISSIONS: By acclamation of Council, the following persons were reappointed to their respective boards and commission: Bernie Bossio and George Papandreas to the Board of Zoning Appeals; Ralph Schmitt and Larry Sypolt to the Historic Landmarks Commission; Frank Scafella to MUB; Sam Loretta and Tim Stranko to the Planning Commission; followed by Denny Poluga to the Transit Authority.

PUBLIC PORTION:

Dave Small, WVU SGA Representative, commented that he looks forward to working with the City and County on safety concerns and will have a report at the first of the year.

James Giuliani, 256 Prarie Avenue, stated that Council should have tabled the zoning ordinance instead of denying it this evening. He reminded Council that the City does not have a Comprehensive Plan and that it was supposed to be done by 2014. He noted that other property owners are upset and won't build.

Susan McDonald, Evansdale Neighborhood Association, made Council aware of streets that need to bepaved in her area, as well as areas that need sidewalks. She added that some neighbors have no sidewalks on their property yet still have to pay sidewalk taxes. She argued that those people should be exempt from such a tax. Ms. McDonald also urged City Council to keep the Marcellus Shale Ordinance on the books as it is. She then thanked Council for hiring Terrence Moore and also appreciated the hiring of the new Police Chief Ed Preston.

Bill Kawecki, SPAN President, complimented City Manager Terrence Moore on his work and stated he is very happy with all the work he has done.

There being no more appearances, Mayor Manilla declared this public portion closed.

NEW BUSINESS:

AN ORDINANCE AUTHORIZING THE SABRATON STORMWATER PROJECT BONDS: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

The rules were suspended to allow explanation from MUB Director Tim Ball, and address any questions of City Council. Motion by Byrne, second by Nugent to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AUTHORIZING THE WHISPERING WOODS/QUARRY RUN WATER PROJECT BONDS: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF 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 rules were suspended to allow explanation from MUB Director Tim Ball, and address any questions of City Council. Motion by Byrne, second by Bane to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AMENDING CITY CODE, UTILITY BOARD MEMBERS: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AMENDING ARTICLE 169, SECTION 169.01, OF THE MORGANTOWN CITY CODE, AS THE SAME APPLIES TO MORGANTOWN UTILITY BOARD MEMBERS.

After discussion, Motion by Nugent, second by Herbst, to pass the above entitled Ordinance to second reading. After discussion, motion carried 5-2. Councilor's Selin & Shamberger voting NO.

AN ORDINANCE PROVIDING FOR A ZONING RECLASSIFICATION OF A PARCEL IN THE SIXTH WARD: The below entitled Ordinance was presented for first reading:

AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF REALTY IN THE SIXTH WARD OF THE CITY OF MORGANTOWN FROM (PUD) PLANNED UNIT DEVELOPMENT TO (R-1A) SINGLE-FAMILY RESIDENTIAL DISTRICT THEREBY RESCINDING THE "HABITAT FOR HUMANITY JEROME PARK PLANNED UNIT DEVELOPMENT" BY AMENDING ARTICLE 1331 OF THE PLANNING AND ZONING CODE 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 HEREIN.

City Manager Terrence Moore offered clarification regarding the above stated Ordinance. After discussion, motion by Bane, second by Selin, to pass the above entitled Ordinance to second reading. After further discussion, motion carried 7-0.

AN ORDINANCE AUTHORIZING A LEASE AGREEMENT FOR AIRPORT ACCESS ROAD: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AUTHORIZING A LICENSE AGREEMENT BY AND BETWEEN THE CITY OF MORGANTOWN, LICENSOR, AND MONONGALIA COUNTY DEVELOPMENT AUTHORITY, LICENSEE, AS THE SAME APPLIES TO A PORTION OF THE REALTY BEING UTILIZED FOR THE CONSTRUCTION OF ROAD KNOWN AS THE MORGANTOWN MUNICIPAL AIRPORT ACCESS ROAD.

Council suspended the rules to allow explanation from Airport Director Michael Clow. Motion by Bane, second by Byrne, to pass the above entitled Ordinance to second reading. After discussion, motion carried 7-0.

A RESOLUTION AUTHORIZING THE EXECUTION OF A COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE WEST VIRGINIA BOTANIC GARDENS: The above entitled Resolution was presented for Council's approval:

Motion by Byrne, second by Selin to approve the above entitled Resolution. After discussion, motion carried 7-0.

A RESOLUTION AUTHORIZING THE EXECUTION OF A COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE CENTER FOR EXCELLENCE IN DISABILITIES AT WEST VIRGINIA UNIVERSITY: The above entitled Resolution was presented for Council's approval:

Motion by Byrne, second by Selin, to approve the above entitled Resolution. After discussion, motion carried 7-0.

SPECIAL COMMITTEE REPORTS: Councilor Nugent thanked Council for the consensus to move forward with signage for the Morgantown History Museum, adding that the museum will be opening soon.

Councilor Byrne then reported that the Sister Cities Commission has voted to accept the application for Friendship City status from the Quanshan District in Xuzhou City, China and asked that the Commission be allowed to present their recommendation to Council at the Jan. 17th meeting. By consensus of Council, such presentation will be added to the agenda.

Councilor Byrne then announced the receiving of a grant for $100,000 funds by the WV Botanical Gardens for capital improvements from the WV Nurseryman's Association.

CITY MANAGERS REPORT:

INFORMATION:

Item No. 1: Board of Health Clean Indoor Air Regulation

Mr. Moore explained that the final draft of the County's new regulations will be distributed soon, and recommended to Council that following the March 2012 implementation of such, the City adopt its own congruent Code changes. Discussion continued regarding the enforcement and adoption timeline.

NEW BUSINESS:

Item No. 1: Transfer of Ownership of Tailwinds, Inc. and Ali Baba Restaurant to Kunundrum International, LLC.

Following explanation from the City Manager, motion by Bane, second by Byrne to authorize the above referenced transfer of ownership. Motion carried 7-0.

CITY CLERK'S REPORT: City Clerk complimented those responsible for the beautiful Christmas decorations throughout City Hall.

CITY ATTORNEY'S REPORT: No Report.

REPORT FROM COUNCIL MEMBERS:

Councilor Bane:	Councilor Bane reminded that Council usually approves the budgeted annual employee gift at this time of the year and noted he hopes that tradition will continue and be on the next Agenda. He then explained his reasoning behind his motion to remove the Drilling Ban from the table, adding that once the zoning is in place, the process will move forward. He also explained why the denied zoning Ordinance was not tabled and encouraged the involved parties to work through their differences.
Councilor Nugent:	Councilor Nugent thanked Chief Caravasos for allowing him the experience of a post-game ride-along and commending the

department's skills. He stated that he wishes to see the packet electronic conversion process move along as soon as possible and noted that he will follow up with the City Manager on street sign issues at a later time.

Councilor Selin: Councilor Selin informed Council that the certificates and plaques are produced by the City Clerk's Office. She asked that the issues with historic preservation be looked at more carefully.

Councilor Shamberger: Councilor Shamberger thanked Councilor Selin for bringing the sports teams in for recognition. She recognized BOPARC for their efforts with the Museum project and reported on the recent Woodburn Neighborhood Association meeting. She announced her attendance at the WVU President's Luncheon.

Councilor Byrne: Councilor Byrne reported that his family spent Thanksgiving at Dorsey's Knob and noted what a great facility it is. He congratulated the Museum Commission on their achievements and then commented about the Marcellus Shale issues. He urged Council to stand by the Ordinance until the State has passed suitable regulations to protect our community. He then explained his reasoning behind his vote for the above failed rezoning Ordinance calling for a balance between historic preservation and economic development.

City Attorney Steve Fanok added that the Municipality can only work within the framework of the existing law concerning these types of issues.

Councilor Herbst: Councilor Herbst concurred with Councilor Shamberger on the recognition of women's and girls' sports. She announced the upcoming Suncrest Neighborhood Association meeting.

Mayor Manilla: Mayor Manilla agreed with Councilor Byrne's comments regarding the rezoning issues, and then inquired as to the timetable for the City's Comprehensive Plan.

Mr. Moore replied that he will update Council in this week's Information Letter Report. Discussion continued as to the specifics of this timetable and process.

EXECUTIVE SESSION: By acclamation, Council unanimously moved to go into Executive Session pursuant to Section 6-9A-4 of the West Virginia State Code in order to discuss Personnel Matters with City Manager and City Council present at 10:00 p.m.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 10:20 pm.

City Clerk

Mayor

*A FULL TRANSCRIPT OF ALL COUNCIL MEETINGS IS AVAILABLE ON CD AT THE MORGANTOWN CITY LIBRARY.

PUBLISHER'S CERTIFICATI

vs.

19727 December 22, 29

NOTICE OF PUBLIC HEARING ON THE CITY OF MORGANTOWN ORDINANCE

public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of e City of Morgantown (the "City") to be held on Tuesday, January 3, 2012, at 7:30 p.m. at the City ll, 389 Spruce Street, Morgantown, West Virginia, and at such hearing any person interested may pear before the City and present protests, and all protests and suggestions shall be heard by the y and it shall then take such actions as it shall deem proper in the premises upon an Ordinance itled:

ORDINANCE OF THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF 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.

above quoted title of the Ordinance describes generally the contents thereof and the purposes of Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the inance. The proceeds of the Bonds will be used to (i) to pay a portion of the costs of acquisition construction of certain extensions, additions, betterments and improvements to the water portion he existing blic combined waterworks, sewerage, and stormwater system of the Issuer (the "Pro- "); and (ii) t pay certain costs of issuance of the Bonds and related costs. No taxes may at any be levied for the payment of the Bonds or the interest thereon.

above-entitled Ordinance was adopted by The City of Morgantown on December 20, 2011. A ified copy of the above entitled Ordinance is on file with the City for review by interested parties ng regular office hours.

owing the public hearing, the City intends to enact the Ordinance upon final reading.

econd public hearing will be held on the following entitled Ordinance at a regular meeting of the ncil of The City of Morgantown (the "City") to be held on Tuesday, January 3, 2012, at 7:40 p.m. he City Hall, 389 Spruce Street, Morgantown, West Virginia, and at such hearing any person inter- d may appear before the City and present protests, and all protests and suggestions shall be d by the City and it shall then take such actions as it shall deem proper in the premises upon an nance entitled:

ORDINANCE OF THE CITY OF MORGANTOWN

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

above quoted title of the Ordinance describes generally the contents thereof and the purposes of Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the ance. The proceeds of the Bonds will be used to (i) to finance the cost of acquisition and con- tion of certain additions, betterments and improvements to the waterworks portion of the com- waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for Series 2012 Bonds, and (iv) to pay certain costs of issuance of the Series 2012 Bonds and d costs. The Bonds are payable from the revenues derived from the System. No taxes may at ime be levied for the payment of the Bonds or the interest thereon.

above-entitled Ordinance was adopted by The City of Morgantown on December 20, 2011. A ied copy of the above entitled Ordinance is on file with the City for review by interested parties g regular office hours.

ving ic hearing, the City intends to enact the Ordinance upon final reading.

/s/ Linda Little
Clerk

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I **Eric Wilson** Advertising Director 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 THE DOMINION POST once a week for **2** successive weeks commencing on the **22nd** day of **Dec.**, **2011** and ending on the **29th** day of **Dec.**, **2011**

The publisher's fee for said publication is **$381.52**

Given under my hand this **30th** day of **Dec.**, **2011**

(SE.

Advertising Director of THE DOMINION POST

Subscribed and sworn to before me this **30th** day of **Dec.**, **2011.**

Kathy J. Custer

Notary Public of Monongalia County, W. Va.

My commission expires on the **13th** day of **April** **2014**

OFFICIAL SEAL
NOTARY PUBLIC

Water

CITY OF MORGANTOWN

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE CITY OF MORGANTOWN.

THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal water services provided to all general domestic, commercial, and industrial users of the City of Morgantown's Municipal Waterworks System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

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

SECTION 1 – TARIFF

SCHEDULE NO. 1

APPLICABILITY

Applicable in entire territory served (except for the former Cheat Neck Public Service District service area and Quarry Run area as provided in Schedule 6, and the former Pounds Hollow Water Association service area as provided in Schedule 7). Effective for bills rendered on or after January 1, 2012.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

RATE

Gallons Used Per Month	Rate Per 1,000 Gallons
First 60,000	$3.87
All Over 60,000	$2.53

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	$3.87

3/4	inch	$5.83
1	inch	$9.68
1 1/2	inch	$19.35
2	inch	$30.96
3	inch	$58.05
4	inch	$96.75
6	inch	$193.50
8	inch	$309.60

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 1 inch

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 seven hundred dollars ($700.00) will be charged to all customers 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

$0.385 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

APPLICABILITY

Applicable in entire territory served (except for the former Cheat Neck Public Service District service area and Quarry Run area as provided in Schedule 6, and the former Pounds Hollow Water Association service area as provided in Schedule 7). Effective for bills rendered on or after January 1, 2012.

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

RATE

Gallons Used Bi-Monthly		Rate Per 1,000 Gallons
First	120,000	$3.87
All Over	120,000	$2.53

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 (Bi-Monthly)
5/8	inch or less	$7.74
3/4	inch	$11.66
1	inch	$19.36
1 1/2	inch	$38.70
2	inch	$61.92
3	inch	$116.10
4	inch	$193.50
6	inch	$387.00
8	inch	$619.20

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 1 inch

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 seven hundred ($700.00) will be charged to all customers 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

$0.385 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

	Per Annum
Fire Hydrants, each	$145.00
Sprinkler Heads, 312 or less	$145.00
Sprinkler Heads, each additional	$0.52
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 bi-monthly 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 Check Neck Public Service District and the Quarry Run area. Effective for bills rendered on or after January 1, 2012.

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
1 1/2	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 1 inch)

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 seven hundred dollars ($700.00) 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

$0.385 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.

QUARRY RUN DEBT SERVICE SURCHARGE

Applicable only to customers in the Quarry Run area: $40.00 per month, per customer or $120.00 per quarter, per customer. This surcharge will be evaluated annually and in the event that a change in the number of customers results in a five percent (5%) change in the rate, the rate will be adjusted.

SCHEDULE NO. 7

APPLICABILITY

Applicable in entire territory heretofore designated as the Pounds Hollow Water Association. Effective for bills rendered on or after January 1, 2012.

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 1 inch)

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 seven hundred dollars ($700.00) 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

$0.385 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.

SECTION 2 – EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective January 1, 2012, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the Public Service Commission of West Virginia or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance in the *Dominion Post*, a qualified newspaper of general circulation in the City of Morgantown, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the City Council on Tuesday, June 21, 2011, at 7:30 p.m., which date is not less than five (5) days after the date of the publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, City of Morgantown, Morgantown, West Virginia.

First Reading: June 7, 2011

Second Reading
and Public Hearing: June 21, 2011

CITY OF MORGANTOWN, a municipal corporation

Mayor: Bill Byrne

Clerk: Linda L Rose

05.24.11
627490.00042

water

PUBLISHER'S CERTIFICATE

_____

vs.

_____

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I Eric Wilson Advertising Director 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 THE DOMINION POST once a week

for 1 successive weeks commencing on the

10th day of June ,2011 and ending on the

10th day of June ,2011

The publisher's fee for said publication is $52.39

Given under my hand this 14th day of

June ,2011

(SEAL)

Advertising Director of THE DOMINION POST

Subscribed and sworn to before me this 14th

day of June ,2011

Notary Public of Monongalia County, W. Va.

My commission expires on the 13th day of

April , 2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY J. CUSTER
[illegible] WOOD STREET
MORGANTOWN, WV 26505
My Commission Expires April 13, 2014

019094 June 10

NOTICE OF PUBLIC HEARING ON CITY OF MORGANTOWN WATER RATE ORDINANCE

Notice is hereby given, that on June 7, 2011, the City of Morgantown, caused to be read before the City Council, an ordinance proposing increased water rates and charges in lieu of those rates and charges contained in the City's existing water tariff currently on file at the Public Service Commission of West Virginia for furnishing water service to customers in Monongalia County, West Virginia and is proposing adoption of the same. The proposed ordinance is titled:

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER WORKS SYSTEM OF THE CITY OF MORGANTOWN.

The City Council of the City of Morgantown will have its final reading and vote on the ordinance on Tuesday, June 21, 2011 at 7:30 p.m. in the City of Morgantown, City Hall, Morgantown, West Virginia. Said meeting is open to the public and all interested parties may appear at the meeting and present protests, if any, with respect to the proposed ordinance. A copy of the proposed ordinance is available for inspection at the office of the City Clerk of the City of Morgantown, City Hall, Morgantown, West Virginia.

Linda Little
Clerk

water

PUBLISHER'S CERTIFICATE

vs.

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I Eric Wilson Advertising Director 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 THE DOMINION POST once a week

for 2 successive weeks commencing on the

28th day of June ,2011 and ending on the

5th day of July ,2011

The publisher's fee for said publication is $295.75

Given under my hand this 5th day of #

July ,2011

(SEAL)

Advertising Director of THE DOMINION POST

Subscribed and sworn to before me this 5th

day of July ,2011

Kathy J. Custer

Notary Public of Monongalia County, W. Va.

My commission expires on the 13th day of

April , 2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY J. CUSTER
469 WESTWOOD STREET
STAR CITY, WV 26505
My Commission Expires April 13, 2014

019144 June 28, July 5

PUBLIC NOTICE OF WATER RATES OF THE CITY OF MORGANTOWN

NOTICE is hereby given that the CITY OF MORGANTOWN (the "City") enacted an ordinance on June 21, 2011 containing rates and charges for furnishing water service to 23,945 customers at Morgantown and vicinity, in Monongalia County, West Virginia.

The proposed rates and charges will become effective 45 days from the date the ordinance was adopted, unless otherwise ordered by the Public Service Commission. Because the City did not increase rates to existing customers, no additional revenue will be produced from existing City customers as a result of the enacted ordinance. The ordinance was adopted by the City to incorporate the Quarry Run area into its current tariff, which the City anticipates constructing an extension to serve. Thus, there will be no increase to the City's rates for existing customers. It is estimated that the new Quarry Run customers will produce $21,925 annually in revenue.

EXISTING WATER CUSTOMERS

TYPE OF CUSTOMER	($) INCREASE	INCREASE (%)
Residential	$0.00	0%
Commercial	$0.00	0%
Industrial/Public	$0.00	0%
Resale	$0.00	0%

QUARRY RUN WATER CUSTOMERS

TYPE OF CUSTOMER	($) INCREASE	INCREASE (%)
Residential (4,500 gallons)	$39.72*	238%*

***Currently, the City does not serve the Quarry Run area as it is in the process of constructing an extension to serve the area. Would be Quarry Run customers will not be charged for water service until service is made available to them.**

Resale customers of the City include: Cheat View Public Service District, Clinton Water Association, Chaplin Water, Clay-Battelle Public Service District, Pleasant Valley Public Service District, River Road Public Service District, and City of Star City.

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

(1) Any customer aggrieved by the changed rates or charges who presents to the Public Service Commission a petition signed by not less than twenty-five percent (25%) of the customers served by the City's waterworks system; or

(2) Any customer who is served by the City's waterworks system and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Public Service Commission a petition alleging discrimination between customers within and without the City's boundaries. Said petition shall be accompanied by evidence of discrimination; or

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

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

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Clerk's Office at the City Hall, Morgantown, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

/s/ Linda Little
City Clerk

PUBLISHER'S CERTIFICATE

.....

VS.

.....

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I Eric T. Wilson ..... 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 10 day of June, 2011 and ending on the 17 day of June, 2011

The publisher's fee for said publication is $ 1088.36

Given under my hand this 27 day of June, 2011

(SEAL)

Advertising Manager of THE DOMINION POST

Subscribed and sworn to before me this 27 day of June, 2011

Kathy J. Custer

Notary Public of Monongalia County, W.Va.

My commission expires on the 13 day of April, 2014

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
KATHY J. CUSTER
459 WESTWOOD STREET
STAR CITY, WV 26505
MY COMMISSION EXPIRES APRIL 13, 2014

REGULAR MEETING JUNE 21 2011: The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Monday, June 21, 2011 at 8:30 P.M.

PRESENT: City Manager Terrence Moore, Deputy City Manager Jeff Mikorski, Mayor Bill Byrne, City Clerk Linda Little, Council Members Ron Bane, John Gaddis, Charlie Byrer, Jenny Selin, Marti Shamberger and Don Spencer.

APPROVAL OF MINUTES: Minutes from the Regular Meetings on June 7, 2011 were presented and approved as printed.

CORRESPONDENCE: Council recognized City Employees who participated in the United Way Corporate Cup event. City Clerk Little administered the Oath of Office to Mike Caravasos upon his promotion to Lieutenant.

PUBLIC HEARING - AN ORDINANCE ESTABLISHING THE RATES OF COMPENSATION FOR THE CITY OF MORGANTOWN EMPLOYEES FOR THE FISCAL YEAR 2011-2012.

There being no appearances, Mayor Byrne then declared this Public Hearing Closed.

PUBLIC HEARING - 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.

There being no appearances, Mayor Byrne then declared this Public Hearing Closed.

PUBLIC HEARING - AN ORDINANCE REPEALING ARTICLE 721 OF THE CITY OF MORGANTOWN'S BUSINESS AND TAXATION CODE AND REPLACING IT WITH A NEW ARTICLE 721, WHICH PROHIBITS OIL AND GAS DRILLING OPERATIONS WHICH INVOLVE HORIZONTAL DRILLING AND/OR FRACTURING OR FRACKING WITHIN THE CITY, AND THE OPERATION OF WELLS THAT UTILIZE HORIZONTAL DRILLING AND/OR FRACTURING OR FRACKING WITHIN ONE MILE OF THE MORGANTOWN CITY LIMITS.

-Mike McGowan, Vice President for Gas Exploration Co. stated that he received a letter from the Office of the Governor Earl Ray Tomblin and read it to Council. In summary, the letter stated that Governor Tomblin wishes Morgantown City Council to confine their powers and authority to within City Limits and not try to extend regulation outside of corporate limits. He assured Council that the method of drilling currently used is the safest method for the situation in the Industrial Park. He also reminded Council that gas companies have a choice where they drill and if the economic opportunities they provide are not welcome, then the companies will choose to do commerce with and support communities elsewhere.

Richard Cohen, Lincoln Avenue, stated that he feels the Governor and the Gas Companies see nothing but dollar signs. He feels that other local organizations and bureaus have already abdicated responsibility in this situation and urges local government to step in. He also stated that no one knows how affected the local water supply will be after fracking occurs. He asked what the long term health effects are and what the property values will be after drilling. He then compared the drilling and fracking chemicals to agent orange of the Vietnam War era.

Professor Gull, Local Scientist, stated that there is danger to water land and farms. He asserted that Officials in Charleston cannot determine whether the fracking process is truly safe or not and he opposes fracking near Morgantown.

Renee Hernandez, Retired Nurse, spoke about the Governor's comments in the letter to Council and asserted that the drilling issue is not a game and that these are serious times. She opposes drilling and fears an accident may occur during fracking.

Martha Schwab, Collins Ferry Road, referred to various articles that she has read on drilling issues and stated that there should be safeguards in place and that Morgantown should not be in this position. She urged

Council to issue a stop work order immediately.

Dr. Larry Schwab, Collins Ferry Road, quoted various articles about scientific study on diseases that are caused by a "witches brew" of chemicals used in the fracking process. It is of concern not only being near the water intake, but also close to an elementary school. He stated that Elected Officials should protect the public and he requested that Council make the right decision to protect the citizens.

Will Riley, Retired Medical Physicist, offered Council statistics and data on the risks of the drilling by quoting a memo from Dr. Carr. He asked Council to consider what happens if the fracking goes wrong, and how the situation will be remedied in the future. He read procedures that Pennsylvania implements in similar situations.

Era Burkhart 116 Kingwood Street, stated that she doesn't trust the gas companies with her health, or with the safety of public water supply. She asserted that the Gas Official's behavior during the public comments does not instill confidence that the process is safe.

Neil Mauer, Waterfront Place Hotel, warned Council of a possible loss of jobs and B&O Tax revenue if drilling is banned. He asked Council to attract industry and business, not push it away.

Matthew Cross, thanked Council for the opportunity to speak. He asserted that the Gas Drilling industry operates by deceit and misleading information; that they also keep secret the chemicals used in the fracking process. He stated he hopes the County Commission joins Morgantown in the fight for public safety. He added that there are many other problems and challenges facing Morgantown. He feels that those with gas drilling interests are not invested in the health or economic welfare of our community.

-Brooks Javins, President of Javins Corporation, a horizontal drilling company that has operated in the Morgantown area for over 40 years. Gave Council a summary of the well drilling experience his company has in West Virginia and Pennsylvania. He reports there have been no detrimental effects of these wells, many of which were drilled in the late 70's up to the 90's. He assured that the water supply of the Morgantown area is safe, and that the MUB director agreed. He asked if the City of Morgantown is liable for the cancelled mineral rights of property owners due to this Ordinance.

Rose Baker, Wetzel County, Representative Wetzel County Action Group, she reported that in her area the fracking is a serious problem and cited inconveniences such as traffic, closed roads, strained EMS services, traffic accidents. She suggested that the gas drillers are threatening Morgantown by withholding commerce if drilling is banned. She feels that there is no regulation and it is a serious problem.

-Bill Overbean, 4010 Morningside Way, stated he has followed the drilling process and offered his credentials to Council, and then some information he has gathered on the Marcellus fracking industry and process. He cited the benefits of horizontal drilling and of using natural gas. He urged Council to not ban drilling because it is the State's duty to oversee this type of industry. He also suggested that it would be cheaper to hire an inspector full time to monitor the drill sites near the water intake rather than to fight legal battles and lose millions of tax and revenue dollars for the City. He assured that the closed-loop system of hydraulic fracturing keeps contaminants from escaping. He addressed those who spoke about problems and contamination, and stated he has heard of no known cases since 1952 when horizontal drilling began, except for Wetzel County, where recently, a drill operator did not follow procedure. He fears that Morgantown will lose out on a very prosperous economic opportunity is the City bans horizontal drilling.

Eve Falks, South Park Resident, Graphic Design Teacher, thinks that the gas industry, like many others does not want their constituents to know all the details concerning this process. She believes that the gas industry 02:19:08

There being no more appearances, Mayor Byrne then declared this Public Hearing Closed.

PUBLIC HEARING - AN ORDINANCE AMENDING SECTIONS 1155.02, 1155.03, 1155.04, 1155.05, 1155.06, 1155.07, 1155.08, 1155.09, AND 1155.99 OF THE HEALTH AND SANITATION CODE OF THE

CITY OF MORGANTOWN, AS THE SAME APPLIES TO SMOKING REGULATION.

-Allen Ducketman, WVU, reported to Council several facts about the dangers of smoking based upon research from the Surgeon General. He stated that the City will be better off if Council protects its citizens from cigarette smoking.

-Kyle Macovoy, expressed concerns over cigarette litter in the streets and drunken misconduct that may arise by forcing drunk college-aged bar goers onto the streets to smoke. He urged Council to allow bar owners decide whether to be smoke free. He also noted the added difficulty of bar owners keeping track of capacity in accordance with Fire Codes, if bar patrons are constantly walking in and out of the bar to smoke.

Kevin Tephabock, American Cancer Society, encouraged Council to adopt the smoking Ordinance. He said that the impact on businesses is not as great by comparison of the number of lives this measure could save. He then presented statistics showing the benefits of restricting smoking.

Jerry Lorenze, Owner Suburban Lanes, asserted that business people are not refuting the dangers of smoking, but protecting their interests, from outside competition from businesses that do allow smoking in the County. He feels that options are provided to patrons, and those patrons over 21 can decide for themselves whether they want to participate in a smoking or non-smoking environment. He feels this battle should be fought at the state level to make an even playing field for all businesses. He pointed out that the patterns of behavior of the patrons of certain businesses such as bars, video lottery parlors, etc. shows these patrons like to smoke and they will start to patronize other businesses where they can smoke. This will create a negative business effect for those establishments within the City's smoking ban; and this is simply not fair to business owners who should have a choice in the matter. He asked why Council is making this decision, why there is no City Health Department and why the County Health Department was not consulted in this decision.

Matt Erdman, WVU Student, asserted that in States where smoking is banned businesses did not have a problem. He suggested that eventually the state will follow if Morgantown leads the way. He feels that saving people's lives and protecting those who do not smoke should be the priority here.

Robert Anderson, Suncrest Resident, WVU employee, reposted statistics related to smoking and the banning of smoking in establishments. He stated the City should protect the citizens from environments that contain second hand smoke.

Louis Scotchell, Owner Classics, brought to light the fact that many smoking establishments contribute greatly to the City's B&O Taxes and that their revenues could decline because businesses outside the City are now being patronized by smokers. He asked that Council consider the lost revenues of City businesses and the revenue to the City itself. He asked Council to reconsider and make the regulations fair across the board for all businesses.

Stacy North, 731 Wells Street, agreed with other speakers that the Board of Health should be consulted in this instance. She reported that statistics show a dip in revenues for smoking establishments initially but most recover. She asked Council to pass the Ordinance.

(45:05) -John Groll, stated that County Health Boards are responsible for passing smoking regulations, and warned that litigation may be nearby if the City tries to pass this kind of Ordinance on its own. He reported that the State Code should be followed in this instance. He also asked that Council meet with the County and Health Board and stakeholders to come up with a proper solution. He also asked that the air quality of smoking establishments actually be tested before regulation is considered. He pointed out many inconsistencies in the proposed regulation and asked that these contradictions and loopholes be addressed.

Tammy Henry, Health Care Organization Employee, shared her personal story about growing up in smoking family and then told Council that her employer recently went smoke free. She then touted the health risks of second hand smoke and risks to children when people smoke in homes. She asked Council to pass the smoking ban.

Henry Gould, WVU Professor, gave his opinions on the effects of smoking and cancer. He urged Council to do everything they can protect the public from second hand smoke.

-Gerri Angeli, Grant Street, asked that Council pass the smoking Ordinance and stated the importance of saving lives. She gave facts about the health problems that exposure to second hand smoke can cause.

Will Riley, Medical Physicist, shared a personal history of his experience with cancer and health problems due to smoking. He gave facts about lung cancer treatments, and compared the amount of tobacco related deaths to those of auto accidents.

Richard Cohen, Lincoln Avenue, gave his views on the smoking issue, citing the importance of workplace safety. He thinks that Council is doing the right thing in passing this Ordinance.

-Era Burkhart, seconded Mr. Cohen's comments regarding workplace safety and asked Council to consider everyone's comments especially those mentioning workers in smoking establishments.

Taylor Richmond, WVU Graduate Student, spoke in support of the smoking ban and echoed the comments of those supporting worker's rights to clean air.

Renee Hernandez, 224 Overdale Street, RN, spoke in favor of the smoking Ordinance and stated that she remembers when smoking was allowed in hospitals. She is grateful for smoke free states and is supportive of Morgantown's city-wide effort.

John Vaughn, WVU Graduate Student, spoke in favor of the smoking Ordinance and talked about how creating a smoke free work environment for employees of bars and restaurants is a great achievement.

Citizen, spoke in favor of the smoking Ordinance and stated that it will benefit everyone.

-Benjamin Asrath, WVU Graduate Student, understands the concerns of business owners not wanting to loose or see their livelihood reduced. He stated that in good conscience this Ordinance must be supported and he is sure that other Municipalities, the County and State will follow suit once Morgantown takes the first step.

-Jim Carastory, Stewartstown area resident, spoke on behalf of an anti-smoking coalition, gave more statistics and health problems associated with second hand smoke. He stated that the youth in Morgantown, working in smoking establishments should not be exposed to these kinds of risks. He reported that his favorite establishment in Morgantown recently went smoke free voluntarily and he is very pleased of this. He feels it will be good for business and this Ordinance is a good start.

-Leigh Limerick, 1106 Windsor Avenue, a former longtime bar/restaurant employee and patron, she enjoys a smoke free establishment and wants to protect her child from the effects of second hand smoke in all establishments they patronize. She feels it should be a County-wide Ordinance and hopes they will follow suit after the Ordinance is passed.

There being no more appearances, Mayor Byrne then declared this Public Hearing Closed.

City Manager Terrence Moore made a statement, remarking that he has spoken with a County Official and will attend the upcoming Mon County Board of Health meeting to communicate concerns over this Ordinance. He remarked that a 90-120 day transition period may be more helpful in finding effective ways to implement this Ordinance. He suggested this to Council as a minor amendment to the Ordinance.

PUBLIC HEARING – AN ORDINANCE ESTABLISHING AND FIXING SEWER RATES, CONNECTION CHARGES, DELAYED PAYMENT PENALTIES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN.

There being no appearances, Mayor Byrne then declared this Public Hearing Closed.

PUBLIC HEARING – AN ORDINANCE ESTABLISHING AND FIXING WATER RATES,

CONNECTION CHARGES, DELAYED PAYMENT PENALTIES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE CITY OF MORGANTOWN.

There being no appearances, Mayor Byrne then declared this Public Hearing Closed.

UNFINISHED BUSINESS:

AN ORDINANCE AMENDING THE ANNUAL BUDGET: The below entitled Ordinance was presented for second reading:

AN ORDINANCE ESTABLISHING THE RATES OF COMPENSATION FOR THE CITY OF MORGANTOWN EMPLOYEES FOR THE FISCAL YEAR 2011-2012.

Motion by Shamberger, second by Selin to adopt the above entitled Ordinance. Motion carried 7-0.

AN ORDINANCE AMENDING THE STREETS, UTILITIES AND PUBLIC SERVICES CODE: The below entitled Ordinance was presented for second 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.

Motion by Shamberger, second by Selin to adopt the above entitled Ordinance. Motion carried 7-0.

AN ORDINANCE REPEALING AND REPLACING SECTIONS OF THE CITY'S BUSINESS AND TAXATION CODE: The below entitled Ordinance was presented for second reading:

AN ORDINANCE REPEALING ARTICLE 721 OF THE CITY OF MORGANTOWN'S BUSINESS AND TAXATION CODE AND REPLACING IT WITH A NEW ARTICLE 721, WHICH PROHIBITS OIL AND GAS DRILLING OPERATIONS WHICH INVOLVE HORIZONTAL DRILLING AND/OR FRACTURING OR FRACKING WITHIN THE CITY, AND THE OPERATION OF WELLS THAT UTILIZE HORIZONTAL DRILLING AND/OR FRACTURING OR FRACKING WITHIN ONE MILE OF THE MORGANTOWN CITY LIMITS.

LISTEN Motion by Selin, second by Spencer to adopt the above entitled Ordinance. Motion carried 7-0.

AN ORDINANCE AMENDING SECTIONS OF THE CITY'S HEALTH AND SANITATION CODE: The below entitled Ordinance was presented for second reading:

AN ORDINANCE AMENDING SECTIONS 1155.02, 1155.03, 1155.04, 1155.05, 1155.06, 1155.07, 1155.08, 1155.09, AND 1155.99 OF THE HEALTH AND SANITATION CODE OF THE CITY OF MORGANTOWN, AS THE SAME APPLIES TO SMOKING REGULATION.

LISTEN Motion by Selin, second by Spencer to adopt the above entitled Ordinance. Motion carried 7-0.

AN ORDINANCE ESTABLISHING SEWER RATES: The below entitled Ordinance was presented for second reading:

AN ORDINANCE ESTABLISHING AND FIXING SEWER RATES, CONNECTION CHARGES, DELAYED PAYMENT PENALTIES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN.

Motion by Selin, second by Gaddis to adopt the above entitled Ordinance. Motion carried 7-0.

AN ORDINANCE ESTABLISHING WATER RATES: The below entitled Ordinance was presented for second reading:

AN ORDINANCE ESTABLISHING AND FIXING WATER RATES, CONNECTION CHARGES, DELAYED PAYMENT PENALTIES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE CITY OF MORGANTOWN.

Motion by Bane, second by Byrne to adopt the above entitled Ordinance. Motion carried 7-0.

AN BOND ORDINANCE FOR SEWERAGE SYSTEM: The below entitled Ordinance was presented for second reading:

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2011 A (THE "SERIES A BONDS"). THE PROCEEDS OF THE SERIES A BONDS WILL BE USED (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 COMBINED WATERWORKS, SEWERAGE AND STORMWATER SYSTEM OF THE ISSUER, (II) TO FUND A RESERVE ACCOUNT FOR THE SERIES A BONDS, AND (III) TO PAY CERTAIN COSTS OF THE ISSUANCE OF THE SERIES A BONDS AND RELATED COSTS. THE SERIES A BONDS ARE PAYABLE SOLELY FROM REVENUES TO BE DERIVED FROM THE OWNERSHIP AND OPERATION OF THE SYSTEM OF THE CITY. (PUBLIC HEARING AND THIRD READING/ADOPTION SCHEDULED FOR 7/5/11)

Motion by Bane, second by Gaddis to pass the above entitled Ordinance to third reading. Motion carried 6-1, Councilor Spencer voted NO

AN BOND ORDINANCE WATERWORKS SYSTEM: The below entitled Ordinance was presented for second reading:

A BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2011 B (THE "SERIES B BONDS"). THE PROCEEDS OF THE SERIES B BONDS WILL BE USED (I) TO PAY A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE COMBINED WATERWORKS, SEWERAGE, AND STORMWATER SYSTEM OF THE ISSUER, (II) TO FUND A RESERVE ACCOUNT FOR THE SERIES B BONDS, AND (III) TO PAY CERTAIN COTS OF THE ISSUANCE OF THE SERIES B BONDS AND RELATED COSTS. THE SERIES B BONDS ARE PAYABLE SOLELY FROM REVENUES TO BE DERIVED FROM THE OWNERSHIP AND OPERATION OF THE WATERWORKS SYSTEM OF THE CITY. (PUBLIC HEARING AND THIRD READING/ADOPTION SCHEDULED FOR 7/5/11)

Motion by Gaddis, second by Bane to pass the above entitled Ordinance to third reading. Motion carried 7-0.

BOARDS AND COMMISSIONS: David McKain was appointed by acclamation as the Third Ward representative on the Traffic Commission. Charles McEwuen and Shane Mardis were reappointed by acclamation to the Parking Authority, and John Ganz was appointed by acclamation to the MUB.

PUBLIC PORTION:

LISTEN

There being no other appearances, Mayor Byrne declared this Public Portion closed.

SPECIAL COMMITTEE REPORTS: None.

NEW BUSINESS:

A RESOLUTION APPROVING AND AUTHORIZING TO SUBMIT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) THE 2011 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE (AI): The above entitled Resolution was presented for approval:

Council suspended the rules to allow explanation from the Community Development Administrator on the Analysis. Motion by Gaddis, second by Bane to adopt the above entitled Resolution. Motion carried 7-0.

A RESOLUTION THAT THE CITY OF MORGANTOWN PARTICIPATE IN THE NATIONAL LEAGUE OF CITIES' PRESCRIPTION DISCOUNT CARD PROGRAM: The above entitled Resolution was presented for approval:

Motion by Spencer, second by Bane to adopt the above entitled Resolution. Motion carried 7-0.

A RESOLUTION THAT THE CITY OF MORGANTOWN APPLY FOR A COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE METROPOLITAN THEATRE: The above entitled Resolution was presented for approval:

Motion by Shamberger, second by Selin to adopt the above entitled Resolution. Motion carried 7-0.

A RESOLUTION THAT THE CITY OF MORGANTOWN APPLY FOR A COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE WEST VIRGINIA BOTANICAL GARDENS: The above entitled Resolution was presented for approval:

Motion by Spencer, second by Bane to adopt the above entitled Resolution. Motion carried 7-0.

A RESOLUTION THAT THE CITY OF MORGANTOWN APPLY FOR A COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY SENIOR LEGAL AID: The above entitled Resolution was presented for approval:

Motion by Gaddis, second by Bane to adopt the above entitled Resolution. Motion carried 7-0.

A RESOLUTION THAT THE CITY OF MORGANTOWN APPLY FOR A COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY MEMBER OF DIVERSITY, A 501(C)3 ORGANIZATION: The above entitled Resolution was presented for approval:

After discussion, motion by Spencer, second by Selin to adopt the above entitled Resolution. Motion carried 7-0.

CITY MANAGERS REPORT:

NEW BUSINESS:

1. Bid Results Report for construction of Morgantown Marketplace Project.

   The rules were suspended to allow explanation about the project from After discussion, motion by Selin second by Bane to award the bid for the Marketplace to Waller Corp. Motion carried 7-0.

2. Fair and Festival Permit Request from Classics II Restaurant for beer sales during Mountainfest.

   After discussion, motion by Spencer second by Bane to approve the permit for Classic's II Restaurant. Motion carried 70.

3. Fair and Festival Permit Request from Archie's Restaurant for beer sales during Mountainfest.

Motion by Bane second by Gaddis to approve the permit for Archie's Restaurant. Motion carried 7-0.

CITY CLERK'S REPORT: No Report.

CITY ATTORNEY'S REPORT: No Report.

REPORT FROM COUNCIL MEMBERS:

Councilor Bane: No Report.

Councilor Gaddis: Councilor Gaddis reminded everyone to attend the Greenmont Pot-Luck event this weekend, and stated all are invited.

Councilor Byrer: Councilor Byrer urged Council to stay on top of the Urban Deer issue and asked that it be placed on the COW agenda. He announced LISTEN

Councilor Selin: Councilor Selin announced the upcoming Suncrest Neighborhood Picnic and invited everyone to attend. She also mentioned the Gardens on the Mon .

Councilor Shamberger: Councilor Shamberger stated she spoke with a Boy Scout Troup who provided her with insights into the Smoking and Marcellus Shale issues. She also suggested that Urban Deer issues be on the COW agenda. She wished Councilors Gaddis, Byrer and Spencer well and thanked them for their help on Council.

Councilor Spencer: Councilor Spencer thanked all those who spoke at the Public Portion and stated more information is needed regarding Marcellus Shale and other issues like trucks are also still prevalent. He asked that Inclusive City Committee, Vice Mayor and Urban Forestry be placed on the COW agenda. LISTEN

Mayor Byrne: Mayor Byrne noted that is has been great to serve Morgantown with Councilors Gaddis, Byrer and Spencer and stated that he has enjoyed working with everyone and making good choices for the betterment of the community.

EXECUTIVE SESSION: By acclamation Council unanimously moved to go into Executive Session, pursuant to Section 6-9A-4 of the West Virginia Code in order to discuss personnel matters with the following persons present: Mayor Byrne and Council Members, and City Clerk Linda Little entered into executive session at 12:25 a.m.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 1:00 a.m.

City Clerk Mayor

REGULAR MEETING JUNE 7, 2011: The regular meeting of the Common Council of the City of Morgantown was held in the Council Chambers on Monday, June 7, 2011 at 7:30 P.M.

PRESENT: City Manager Terrence Moore, Deputy City Manager Jeff Mikorski, Mayor Bill Byrne, City Clerk Linda Little, Council Members Ron Bane, John Gaddis, Charlie Byrer, Jenny Selin, Marti Shamberger and Don Spencer.

APPROVAL OF MINUTES: Minutes from the Regular Meetings on May 17, 2011 were presented and approved as printed.

CORRESPONDENCE: City Clerk administered the Oath of Office to newly promoted Lieutenant Jason Quinn of the Morgantown Fire Department.

PUBLIC HEARING - AN ORDINANCE AMENDING THE FY 2010-2011 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.

There being no appearances, Mayor Byrne then declared this Public Hearing Closed.

PUBLIC HEARING - AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING ARTICLE 923 OF ITS STREETS, UTILITIES AND PUBLIC SERVICES CODE IN ITS ENTIRETY AND ADDING NEW SECTIONS ADDRESSING PRETREATMENT FACILITIES, HAULED WASTEWATER, INDIVIDUAL WASTEWATER DISCHARGE PERMIT REVOCATION, INDIVIDUAL WASTEWATER DISCHARGE PERMIT REISSUANCE, REGULATION OF WASTE RECEIVED FROM OTHER JURISDICTIONS, PUBLICATION OF USERS IN SIGNIFICANT NONCOMPLIANCE, AND AFFIRMATIVE DEFENSES TO DISCHARGE VIOLATIONS.

There being no appearances, Mayor Byrne then declared this Public Hearing Closed.

UNFINISHED BUSINESS:

AN ORDINANCE AMENDING THE FY 2011-2012 BUDGET OF THE CITY OF MORGANTOWN: The below entitled Ordinance was presented for second reading:

AN ORDINANCE AMENDING THE FY 2010-2011 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.

Motion by Gaddis, second by Spencer to adopt the above entitled Ordinance. After discussion, motion carried 7-0.

AN ORDINANCE AMENDING ITS STREETS, UTILITIES AND PUBLIC SERVICES CODE: The below entitled Ordinance was presented for second reading:

AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING ARTICLE 923 OF ITS STREETS, UTILITIES AND PUBLIC SERVICES CODE IN ITS ENTIRETY AND ADDING NEW SECTIONS ADDRESSING PRETREATMENT FACILITIES, HAULED WASTEWATER, INDIVIDUAL WASTEWATER DISCHARGE PERMIT REVOCATION, INDIVIDUAL WASTEWATER DISCHARGE PERMIT REISSUANCE, REGULATION OF WASTE RECEIVED FROM OTHER JURISDICTIONS, PUBLICATION OF USERS IN SIGNIFICANT NONCOMPLIANCE, AND AFFIRMATIVE DEFENSES TO DISCHARGE VIOLATIONS.

Motion by Selin, second by Gaddis to adopt the above entitled Ordinance. The rules were suspended to allow explanation from MUB Director Tim Ball. After discussion, motion carried 7-0.

BOARDS AND COMMISSIONS: Ron Justice, Robert Clonch and Denver Allen were reappointed by acclamation to BOPARC. George Lies and Rosalyn Becker were reappointed by acclamation to the Sister Cities Commission.

PUBLIC PORTION:

Westover Resident, Soil Engineer, requested Council continue in the process to protect citizen's drinking water, because contractors can make mistakes too.

Cookie DeMarco, Executive Director of WV Oil and Natural Gas Assoc. cautioned Council against passing these resolutions, as this industry does not have a history of polluting ground water aquifers. She added that even winter road salt is a significant pollutant of drinking water, and asked Council to not pass the Resolutions.

Renee Hernandez, 211 Overdale Street, spoke in opposition to fracking and drilling, stating that the fracking fluid contains numerous chemicals which cause medical side effects. She asked that Council pass the proposed Resolutions.

Dwayne Nichols, spoke on behalf of the Mon Valley Clean Air Coalition, he commented on the meeting at Skyview Elementary School and stated that Randy Murphy asserted that the drilling companies may not be operating in a safe manner. Mr. Nichols thanked Council for listening to the public and asked them to pass the proposed Resolutions.

Dr. Greg Juckett, 25 Cox Place, support a moratorium on Gas oil in Morgantown. Dr. Juckett stated that is money worth the health and safety of our citizens.

Kitty Lozier, League of Women Voters, thanked Council for their support of passing Resolutions and Ordinance on the Marcellus Shale Drilling issue. If the DEP does not request a stop work order the League of Women Voters is requesting that Council request an injunction on the Marcellus Shale Drilling. Ms. Lozier stated that the League of Women Voters beliefs are at all times the protection of the citizens first as to continue to prosper and flourish in this community.

Bob Anderson, 1457 Dogwood Avenue, applauded Council for taking on the Smoking Ordinance. Mr. Anderson stated that 26.8 percent of the adults in WV smoke cigarettes which is one of the highest rates.

Cara Stevens, WVU Student in Fall, asked Council to pass the smoking ordinance for students should not have to breathe second hand smoke and damage their health while getting a college degree.

Louis Scotchel, Owner of Classics Restaurant, commented that by passing this Smoking Ordinance the City is going to hurt businesses by chasing customers out of establishments.

Apollo Marble, 256 Grand, asked Council to support the Smoking Ordinance for I know there are many citizens that do not go to establishments in Morgantown where smoking is allowed.

Geraldine Angoli, 813 Grand Street, Cancer Survivor, is in favor of the passage of the Smoking Ordinance.

Chris Roberts, Chairman Breath Easy Alliance, stated that by passing the Clean Air Ordinance it will not only benefit the health of our workers but our WVU students also.

Juliana Fredrick, American Cancer Society, asked Council to support the Clean Air Ordinance and remember how many people are affected by second hand smoke and die every year that have never smoked in the lives.

Megan Nedzinski, Green Team Architecture Committee, presented consensus statement on the Marcellus Shale issue that City Council protects the water, air land and rights for all citizens.

Mark Glass, Westover Resident, Ground Water Consultant, stated there still is not certainty of the process of the drilling and questions were asked at the Skyview Meeting last week and as of today there are no clear concise answers, therefore if we allow this industry to proceed we need more answers.

Daniel Musick, 327 Green Street, informed Council that there is an excellent documentary called Gas Land. Josh Box was the filmmaker of Gas Land about 3 families that water was contaminated in Colorado and Pennsylvania. Mr. Musick asked Council to think about what if they had to be faced with their water being contaminated.

Matthew Cross, 524 Milford Street, applauded City Council to take on this issue of Marcellus Shale Drilling and stated that the small Government bodies are our only line of defense that have the flexibility to stand for the citizens for public good and encourage this Council to do so.

Nancy Ganz, 1276 Colonial Drive, thank this Council for protecting us by passing this legislation and listening to the citizens about our quality of life. Ms. Ganz stated that the truck and diesel issue is a real problem not only for the roads but for the quality of our air for our citizens.

Jerry Lorenze, Owner Suburban Lanes, 735 Chestnut Ridge Road, requested that City Council consider the un-level playing field that the Smoking Ordinance creates for businesses in City Limits who have to compete with other businesses out of, but near, City Limits who will not be affected by the smoking ban. He asked why there had been no discussion or work session to include the views of business owners who would be directly affected with this.

Andrew Fusco, Attorney representing several business owners in the City, stated that it is appears Council has been rushing to pass certain Ordinances before newly voted Council members take office next month and that this is not a good practice. He warned that the state legislation clearly states that a health board must be appointed to enforce clean air standards.

Mr. Ashcraft, 990 North Avenue, supports the smoking ban and its health benefits for the community.

Employee, Suburban Lanes, spoke in opposition to the Smoking Ordinance, stating that it is unclear how much harm can come to local businesses. He asked that Council table the Ordinance.

Ken Buz, Chamber of Commerce, stated that by passing the Smoking Ordinance, it penalizes businesses and can reduce the City's income from B&O taxes. He asked that forums be held and that Council hold off on passing this, and other Ordinances regarding Marcellus shale drilling.

Tristan Wright, WU Student, commented that Council should consider the Marcellus shale Ordinance and pass it for the protection of our children, the community and water safety.

Stacy North, 731 Wells Street, American Cancer Society Rep, stated that they are not rushing on the smoking Ordinance and the issue has been brought forth before. It is if great importance for the well-being of the community.

James Kotcon, WV Sierra Club, stated he attended a meeting on Marcellus shale drilling and asserted that contamination does occur in the air and water as well. He challenged Council to think about their decision on behalf of the welfare of the community.

Mark Thalman, Owner, Town Hill Bar, commented that he opposes the smoking ban and asserted that 75% of his customers smoke and passing this ban would hurt his business.

Jonathan Rosenbaum, 531 Woodland Circle, approves of the Marcellus shale Resolutions and supports the Smoking Ordinance.

Sandra Fallon, 39 Buckhannon Avenue, spoke in support of the drilling Ordinances and Resolutions and

urged Council that a moratorium is needed. She then offered to send City Council information on health and environmental impacts.

Tom Latias, 424 Clark Avenue, announced a candle light vigil in honor of victims of the "War on Drugs", and invited all to attend.

Mr. Prete, 1136 Munsey Street, discussed the sidewalk issue and the repair order he received from the City. He stated that it is a matter of principal and he would like to talk to the City Manager about sidewalk repair, and promised to schedule an appointment with Mr. Moore a.s.a.p.

Al Bonner, Owner Jean's Beer Garden, stated that a smoking Ordinance is a good thing, but some businesses have a lot to lose and he feels that Council is rushing to pass this Ordinance.

Dr. Larry Schwab, 3333 Collins Ferry Road, spoke about another level of toxic release more than just water pollution, and requested that Council be accountable and protect the health and welfare of the citizens of this community.

Beverly Keener, American Cancer Society, stated that there needs to be a level playing field for those that do not smoke because workers in a smoking environment are ingesting second hand smoke on a daily basis and it is a health risk.

Resident, Westover, stated that City Council should have citizens and employees live in a healthy safe and smoke free environment. Passing the Smoking Ordinance would benefit everyone.

Dave Harshbarger, handed in a petition on behalf of the clean air initiative containing 160 signatures of those who support the smoking ban. He asked Council to pass the Ordinance.

Ruth Donaldson, 1300 Heritage Place, spoke in reference to Mr. Prete's sidewalk issue comments and stated that it has been a problem for children near Suncrest Middle School and presents a safety hazard. She asked that the City take care of the issue.

Candace Jordan, 26 Georgia Avenue, Westover, spoke against the drilling in the Morgantown industrial Park and asked that Council pass the Resolutions banning drilling. She asked that we err on the side of caution for the health and safety of our children and our community.

Ben Krause, is concerned about the air and water quality in and around Morgantown. He asked that Council pass the Ordinances and Resolutions concerning drilling and smoking and also supports the concerns of the sidewalk issue.

Christina Mickey, Smoke Free Initiative, appreciates the former comments of the Attorney who warned of possible litigation but assured Council that the American Cancer Society has fought this litigation and won in several places and that the Board of Health has also been brought in in these cases and the City should follow this same form to ensure success of the smoking ban.

Colleen Harshbarger, stated that there should be a moratorium on the Marcellus drilling and she also supports the Clean Indoor Air Ordinance and then thanked Council for their leadership.

Rachel Martin, Mon County Resident, stated that she moved here for safety and security, and asked that Council reassure her they will continue to move forward on the drilling issue to keep the water and air safe for the citizens and the future of our children.

Thomas Guy, Kingwood Street, spoke in opposition to the smoking ban stating that there will be an added burden on police officers patrolling drunk people smoking outside of bars on the street, it will also create more litter that will need to be cleaned up. He also stated that home parties will increase as people stop going to bars and more neighborhood nuisances will occur. He stated that a smoking ban will cost money in police, cleanup, and bar owners in lost income. He noted that bars pay a lot of taxes to the city and with their decreased income, what will come of downtown?

Susan Musik, 227 Greene Street, spoke in support of drilling Ordinance, and mentioned the situation in Wetzel County where smoke surrounded nearby homes and people had to move. She said that the quality of life for residents and property owners needs to be protected. She asked that they look at documentaries and heed warnings of other communities in order to prevent pollution to Morgantown.

Justin Byers, Owner Lazy Lizard, High Street, spoke about Paul Harvey and his understanding of business owners. He stated that he supports the smoking ban, but not as written. He asked that Council take a step back and include business owners to make a fair and equitable solution that preserves the lively hood of business owners as well as the health and safety of the public.

Jack Thompson, Vanguilder Street, Public Affairs Coordinator, Chesapeake Energy, spoke in opposition to a drilling ban, and assured that the drillers will create jobs and work in a clean and mindful manner, using best practices for safety.

There being no other appearances, Mayor Byrne declared this Public Portion closed.

SPECIAL COMMITTEE REPORTS: None.

NEW BUSINESS:

AN ORDINANCE AMENDING THE ANNUAL BUDGET: The below entitled Ordinance was presented for first reading:

AN ORDINANCE ESTABLISHING THE RATES OF COMPENSATION FOR THE CITY OF MORGANTOWN EMPLOYEES FOR THE FISCAL YEAR 2011-2012.

Motion by Gaddis, second by Selin to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE AMENDING THE STREETS, UTILITIES AND PUBLIC SERVICES CODE: 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.

Motion by Gaddis, second by Selin to pass the above entitled Ordinance to second reading. Motion carried 7-0.

AN ORDINANCE REPEALING AND REPLACING SECTIONS OF THE CITY'S BUSINESS AND TAXATION CODE: The below entitled Ordinance was presented for first reading:

AN ORDINANCE REPEALING ARTICLE 721 OF THE CITY OF MORGANTOWN'S BUSINESS AND TAXATION CODE AND REPLACING IT WITH A NEW ARTICLE 721, WHICH PROHIBITS OIL AND GAS DRILLING OPERATIONS WHICH INVOLVE HORIZONTAL DRILLING AND/OR FRACTURING OR FRACKING WITHIN THE CITY, AND THE OPERATION OF WELLS THAT UTILIZE HORIZONTAL DRILLING AND/OR FRACTURING OR FRACKING WITHIN ONE MILE OF THE MORGANTOWN CITY LIMITS.

Motion by Selin, second by Spencer to pass the above entitled Ordinance to second reading. After discussion, motion by Byrer to table the above entitled Ordinance. Motion to table failed for lack of a second. After continued discussion, it was clarified that the Ordinance version being voted on has new and added language and was presented to Council by the City Attorney. Councilor Bane clarified that this Ordinance would only disallow the controversial Horizontal Fracking procedures and does not affect current drilling or wells, that have been safely operating in the City over past decades. Discussion continued about wells already in existence,

and methods of drilling/fracking which do or do not use contaminants. The main motion to pass the above entitled Ordinance on to second reading carried 6-1. Councilor Byrer voted NO.

AN ORDINANCE AMENDING SECTIONS OF THE CITY'S HEALTH AND SANITATION CODE: The below entitled Ordinance was presented for first reading:

AN ORDINANCE AMENDING SECTIONS 1155.02, 1155.03, 1155.04, 1155.05, 1155.06, 1155.07, 1155.08, 1155.09, AND 1155.99 OF THE HEALTH AND SANITATION CODE OF THE CITY OF MORGANTOWN, AS THE SAME APPLIES TO SMOKING REGULATION.

After discussion, and explanation by City Manager Terrence Moore. Councilor Selin motioned to amend ordinance by adopting such ordinance 60 days after June 21, 2011 to give the community enough time to adjust to changes, second by Shamberger. Vote taken on amendment carried 7-0. Vote taken on main motion by Gaddis, second by Spencer to pass the above entitled Ordinance to second reading. Motion carried 7-0.

BOND ORDINANCES AND RESOLUTIONS REGARDING THE CANYON PSD: The below entitled Ordinance was presented for first reading:

A SERIES OF BOND, RATE AND ACQUISITION ORDINANCES AND RESOLUTIONS ALLOWING MUB TO ACQUIRE THE CANYON PUBLIC SERVICE DISTRICT AND PROVIDE SANITARY SEWER SERVICE TO THE CANYON ROAD AREA.

Motion by Gaddis, second by Spencer to pass the above entitled Ordinance to second reading. Motion carried 7-0.

BOND ORDINANCES AND RESOLUTIONS REGARDING A WATERLINE EXTENSION PROJECT: The below entitled Ordinance was presented for first reading:

A SERIES OF BOND, RATE AND ACQUISITION ORDINANCES AND RESOLUTIONS ALLOWING MUB TO PROVIDE WATER SERVICES AT QUARRY RUN AND WHISPERING WOODS IN THE CHEAT LAKE AREA THROUGH A WATERLINE EXTENSION PROJECT.

Motion by Selin, second by Shamberger to pass the above entitled Ordinance to second reading. Motion carried 7-0.

A RESOLUTION ADVOCATING FOR MEANS FOR INCORPORATED MUNICIPALITIES TO PROTECT DRINKING WATER SUPPLY AND TO PREVENT RISKS TO PUBLIC HEALTH, PUBLIC SAFETY AND PUBLIC WELFARE FROM MARCELLUS SHALE DRILLING: The above entitled Resolution was presented for approval:

After discussion, motion by Spencer, second by Selin to adopt the above entitled Resolution. Motion carried 7-0.

A RESOLUTION REQUESTING A WVDEP STOP WORK ORDER ON THE DRILLING IN MARCELLUS SHALE WITHIN ONE MILE OF THE MORGANTOWN WATER SUPPLY INTAKE UNTIL SECURE PROTECTION OF MUNICIPAL DRINKING WATER SUPPLIES AS WELL AS PUBLIC HEALTH, PUBLIC SAFETY AND WELFARE CAN BE ASSURED: The above entitled Resolution was presented for approval:

After discussion, motion by Spencer, second by Gaddis to adopt the above entitled Resolution. Motion carried 6-1. Councilor Byrer voted NO.

A RESOLUTION THAT THE CITY OF MORGANTOWN APPLY FOR A COMMUNITY PARTICIPATION GRANT, FUNDS FOR USE BY THE CENTER FOR EXCELLENCE IN DISABILITIES AT WEST VIRGINIA UNIVERSITY: The above entitled Resolution was presented for approval:

After discussion, motion by Gaddis, second by Byrer to adopt the above entitled Resolution. Motion carried 7-0.

CITY MANAGERS REPORT: No Report.

CITY CLERK'S REPORT: No Report.

CITY ATTORNEY'S REPORT: No Report.

REPORT FROM COUNCIL MEMBERS:

Councilor Bane: Councilor Bane mentioned the budget packet and announced that he read we spend much more than anticipated on the Municipal Election. He noted that the City did not save any money as proposed by the State. He urged Council to look carefully at vote by mail for the future.

Councilor Gaddis: Councilor Gaddis agreed with Councilor Bane that too much money was spent and it is an upsetting amount. Thanked the City Manager for facilitating a great meeting regarding the Hog Back Turn. He added that he supports the smoking ban and he is looking forward to Friday's meeting in Charleston. He announced the new ice cream business in Greenmont, and the upcoming Greenmont block party.

Councilor Byrer: Councilor Byrer mentioned a Morgantown Housing home on Morgan Street that is for sale. He also reported a property line problem on Protzman Street.

Councilor Selin: Councilor Selin noted that she is proud of our community and for tonight's exchange of ideas regarding City issues. She hopes the dialogue will continue.

Councilor Shamberger: Councilor Shamberger thanked the public for coming and expressing their views on City issues. She announced the upcoming Urban Deer meeting and urged everyone to attend the Arts on the River Festival and also the Honk event at the Met Theatre.

Councilor Spencer: Councilor Spencer responded to Councilor Bane on Vote By Mail, and assured that City Officials and State leaders are working together to solve the issues of the over-expenditures on the Election. He commended those who worked hard on the Clean Indoor Air initiatives and thanked everyone who came to speak at the public portion in support of clean air and safe water. He encouraged citizens to get involved and ask questions in order to better understand Government and get issues resolved.

Mayor Byrne: Mayor Byrne thanked all those who appeared and made their opinions known before Council this evening.

EXECUTIVE SESSION: By acclamation Council unanimously moved to go into Executive Session, pursuant to Section 6-9A-4 of the West Virginia Code in order to discuss personnel matters with the following persons present: Mayor Byrne and Council Members, City Manager Terrence Moore entered into executive session at 10:40 p.m.

ADJOURNMENT: There being no further business, the meeting adjourned by unanimous consent at 11:05 p.m.

City Clerk

Mayor

Sewer

CITY OF MORGANTOWN

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN.

THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, industrial and resale users and customers of the City of Morgantown's Municipal Sewage Treatment Plant and Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

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

SECTION 1 – TARIFF

SCHEDULE NO. 1

APPLICABILITY

Applicable to entire territory served, except that served by Cheat Lake Wastewater Treatment Plant. Effective for bills rendered on or after January 1, 2012.

AVAILABILITY

Available for sanitary sewer service.

RATE

Based upon the metered amount of water supplied.

Gallons Used		
First	60,000 per month	$ 4.66 per 1,000 gallons
All Over	60,000 per month	$ 4.00 per 1,000 gallons

MINIMUM CHARGE

Per month	$ 4.66
Bi-monthly	$ 9.32

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 customer's 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 seven hundred ($700.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

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 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.

LEAK ADJUSTMENT

$0.385 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

APPLICABILITY

Applicable to territory served by Cheat Lake Wastewater Treatment Plant. Effective for bills rendered on or after January 1, 2012.

AVAILABILITY

Available for sanitary sewer service.

RATE

Based upon the metered amount of water supplied.

Gallons Used

First	2,000	per month or 4,000	bi-monthly	$8.75	per 1,000 gallons
Next	8,000	per month or 16,000	bi-monthly	$8.00	per 1,000 gallons
Next	20,000	per month or 40,000	bi-monthly	$7.50	per 1,000 gallons
Next	30,000	per month or 60,000	bi-monthly	$7.00	per 1,000 gallons
Next	940,000	per month or 1,880,000	bi-monthly	$6.00	per 1,000 gallons

All Over	1,000,000 per month or 2,000,000 bi-monthly	$5.50	per 1,000 gallons

MINIMUM CHARGE

Per month	$ 17.50
Bi-monthly	$ 35.00

TAP FEE

A fee of seven hundred dollars ($700.00) 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, 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 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.

LEAK ADJUSTMENT

$0.385 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 to territory served. Effective for bills rendered on or after January 1, 2012.

AVAILABILITY

Available for sanitary sewer service to other systems.

RATE

All wastewater from other systems will be treated at the approved rate of $1.50 per 1,000 gallons.

SURCHARGE

$0.83 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.

SCHEDULE NO. 4

APPLICABILITY

Applicable to the former Canyon Public Service District service area.

AVAILABILITY

Available for sanitary sewer service.

RATES (customers with metered water supply)

Service Charge	$8.50 per month
Usage Charge	$8.29 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than the following based on meter size:

Meter Size	Minimum Charge
5/8"	$25.08 per month
1 1/2"	$125.40 per month
2"	$200.64 per month

FLAT RATE CHARGE

Customers with non-metered water supply $25.08 per month.

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 customer's 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 seven hundred ($700.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.

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.

DISCONNECT/RECONNECT/ADMINISTRATION FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the Cheat View Public Service District, a disconnection fee of $15.00 shall be charged or in the event the delinquent sewer bill is collected by Cheat View Public Service District, an administrative fee of $15.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Cheat View Public Service District, is reconnected, a reconnection fee of $15.00 shall be charged.

LEAK ADJUSTMENT

$0.385 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.

SECTION 2 – TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein for Schedule Nos. 1-3 shall become effective January 1, 2012, while the rates, charges and penalties provided herein for Schedule No. 4 shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the *Dominion Post*, a qualified newspaper of general circulation in the City of Morgantown, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Tuesday, June 21, 2011, at 7:30 p.m., which date is not less than ten (10) days after the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Morgantown, West Virginia.

First Reading: June 7, 2011

Second Reading
and Public Hearing: June 21, 2011

CITY OF MORGANTOWN, a municipal corporation

Mayor: Bill Byard

Clerk: Linda L. Little

05.12.11
627490.00042

Sewer

019092 June 10, 17

NOTICE OF PUBLIC HEARING ON
CITY OF MORGANTOWN SEWER RATE ORDINANCE

A public hearing will be held on Tuesday, June 21, 2011, at 7:30 p.m., prevailing time, on the following ordinance which was introduced on June 7, 2011. Any person interested may appear before the City Council of the City of Morgantown at the City Hall, Morgantown, West Virginia, and present any comment or protest thereto. Following which hearing City Council shall take such action as it shall deem proper.

* * * * *

CITY OF MORGANTOWN

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN.

THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general, domestic, commercial, industrial and resale users and customers of the City of Morgantown's Municipal Sewage Treatment Plant and Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

RULES AND REGULATIONS

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

SECTION 1 - TARIFF

SCHEDULE NO. 1

APPLICABILITY
Applicable to entire territory served, except that served by Cheat Lake Wastewater Treatment Plant. Effective for bills rendered on or after January 1, 2012.
AVAILABILITY
Available for sanitary sewer service.
RATE
Based upon the metered amount of water supplied.

Gallons Used	
First 60,000 per month	$ 9.66 per 1,000 gallons
All Over 60,000 per month	$ 4.00 per 1,000 gallons

MINIMUM CHARGE

Per month	$ 4.66
Bi-monthly	$ 9.32

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 customer's 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 seven hundred ($700.00) will be charged to all customer who apply for service outside of a certificate proceeding before the Commission for each new tap system.
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 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.
LEAK ADJUSTMENT
$0.385 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

APPLICABILITY
Applicable to territory served by Cheat Lake Wastewater Treatment Plant. Effective for bills rendered on or after January 1, 2012.
AVAILABILITY
Available for sanitary sewer service.
RATE
Based upon the metered amount of water supplied.

Gallons Used					
First	2,000	per month or 4,000	bi-monthly	$8.75	per 1,000 gallons
Next	8,000	per month or 16,000	bi-monthly	$8.00	per 1,000 gallons
Next	20,000	per month or 40,000	bi-monthly	$7.50	per 1,000 gallons
Next	30,000	per month or 60,000	bi-monthly	$7.00	per 1,000 gallons
Next	940,000	per month or 1,880,000	bi-monthly	$6.00	per 1,000 gallons
All Over	1,000,000	per month or 2,000,000	bi-monthly	$5.50	per 1,000 gallons

MINIMUM CHARGE

Per month	$ 17.50
Bi-monthly	$ 35.00

TAP FEE
A fee of seven hundred dollars ($700.00) 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, 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 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.
LEAK ADJUSTMENT
$0.385 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 to territory served. Effective for bills rendered on or after January 1, 2012.
AVAILABILITY
Available for sanitary sewer service to other systems.
RATE
All wastewater from other systems will be treated at the approved rate of $1.50 per 1,000 gallons.
SURCHARGE
$0.83 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

APPLICABILITY
Applicable to the former Cheat View Public Service District, service area.

AVAILABILITY
Available for sanitary sewer service.

RATES (Customers with metered water supply)

Service Charge	$8.50 per month
Usage Charge	$8.29 per 1,000 gallons

MINIMUM CHARGE
No minimum bill will be rendered for less than the following based on meter size:

Meter Size	Minimum Charge
5/8	$25.08 per month
1 1/2	$125.40 per month
2	$200.64 per month

FLAT RATE CHARGE
Customers with non-metered water supply $25.08 per month.

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 customer's 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 applicants premises that is associated with a certificate proceeding. A tap fee of seven hundred ($700.00) will be charged to a customer who applies for service outside of a certificate proceeding before the Commission for each new tap system.

DELAYED PAYMENT PENALTY
The above tariff is net. On all customer 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.

DISCONNECT/RECONNECT/ADMINISTRATION FEES
Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the Cheat View Public Service District, a disconnection fee of $15.00 shall be charged or, in the event the delinquent sewer bill is collected by Cheat View Public Service District, an administrative fee of $15.00 shall be charged. Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Cheat View Public Service District, is reconnected, a reconnection fee of $15.00 shall be charged.

LEAK ADJUSTMENT
$0.385 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to a single 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.

SECTION 2. TARIFF EFFECTIVE DATE

The rates, charges and penalties provided herein for Schedule Nos. 1-3 shall become effective January 1, 2012, while the rates, charges and penalties provided herein for Schedule No. 4 shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3. SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the West Virginia Public Service Commission or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Clerk shall cause to be published a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) days between each publication, in the Dominion Post, a qualified newspaper of general circulation in the City of Morgantown, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on Tuesday, June 21, 2011, at 7:30 p.m., which date is not less than ten (10) days following the date of the first publication of the Ordinance and notice, and present any comment or protest thereto, following which the City Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Clerk, Morgantown, West Virginia.

First Reading: June 7, 2011

Second Reading
and Public Hearing: June 21, 2011
CITY OF MORGANTOWN, a municipal corporation

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Morgantown, held June 7, 2011; pursuant to proper notice, at which meeting a quorum was present and acted throughout. Any person interested may appear before the City Council of the City of Morgantown at the City Hall, Morgantown, West Virginia, on Tuesday, June 21, 2011, at 7:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The City Council will then take such action as it shall deem proper. The proposed ordinance may be inspected by the public at the office of the Clerk in the City Hall, Morgantown, West Virginia during regular office hours.

/s/ Linda Little
Clerk

Sewer

PUBLISHER'S CERTIFICATE

019142 June 28, July 5

PUBLIC NOTICE OF SEWERAGE RATES OF THE CITY OF MORGANTOWN

NOTICE is hereby given that the CITY OF MORGANTOWN (the "City") enacted an ordinance on June 21, 2011 containing rates and charges for furnishing sewerage service to 18,274 customers at Morgantown and vicinity, in Monongalia County, West Virginia.

The proposed rates and charges will become effective 45 days from the date the ordinance was adopted, unless otherwise ordered by the Public Service Commission. Because the City did not increase rates, no additional revenue will be produced from existing City customers as a result of the enacted ordinance. The ordinance was adopted by the City to incorporate the current rates of Canyon Public Service District, which the City is in the process of acquiring. The current rates of Canyon Public Service District shall be the same rates charged to the customers of the District upon the acquisition of the District's assets by the City. Thus, there will be no increase to the City's rates for existing sewer customers. It is estimated that the former Canyon Public Service District customers will produce $267,000 annually in revenue.

EXISTING SEWER CUSTOMERS

TYPE OF CUSTOMER	($) INCREASE	INCREASE (%)
Residential	$0.00	0%
Commercial	$0.00	0%
Industrial/Public	$0.00	0%
Resale	$0.00	0%

FORMER CANYON PUBLIC SERVICE DISTRICT SEWER CUSTOMERS

TYPE OF CUSTOMER	($) INCREASE	INCREASE (%)
Residential	$0.00	0%
Commercial	$0.00	0%
Industrial/Public	$0.00	0%

Resale customers of the City include: City of Westover, City of Granville, Deckers Creek Public Service District, Dorsey Knob Public Service District, Scotts Run Public Service District, and Canyon Public Service District.

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

(1) Any customer aggrieved by the changed rates or charges who presents to the Public Service Commission a petition signed by not less than twenty-five percent (25%) of the customers served by the City's sewerage system; or

(2) Any customer who is served by the City's sewerage system and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Public Service Commission a petition alleging discrimination between customers within and without the City's boundaries. Said petition shall be accompanied by evidence of discrimination; or

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

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

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Clerk's Office at the City Hall, Morgantown, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

/s/ Linda Little
City Clerk

vs.

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I Eric Wilson Advertising Director 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 THE DOMINION POST once a week

for 2 successive weeks commencing on the

28th day of June ,2011 and ending on the

5th day of July ,2011

The publisher's fee for said publication is $292.80

Given under my hand this 5th day of #

July ,2011

(SEAL)

Advertising Director of THE DOMINION POST

Subscribed and sworn to before me this 5th

day of July ,2011

Kathy J. Custer

Notary Public of Monongalia County, W. Va

My commission expires on the 13th day of

April , 2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY J. CUSTER
469 WESTWOOD STREET
STAR CITY, WV 26505
My Commission Expires April 13, 2014

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 31st day of October 2011.

CASE NO. 11-1567-W-CN

MORGANTOWN UTILITY BOARD
Application for a Certificate of Convenience and Necessity to extend its water system to serve the Quarry Run Road/Whispering Woods area located in Monongalia County.

COMMISSION ORDER

On October 25, 2011, Morgantown Utility Board filed a verified application for a certificate of convenience and necessity to extent its water system to serve the Quarry Run Road/Whispering Woods are located in Monongalia County.

Pursuant to §§24-2-11, W.Va. Code, IT IS ORDERED that Morgantown Utility Board give notice of the filing of said application, by publishing a copy of the attached Notice of Filing once in a qualified newspaper as provided in W.Va. Code §§59-3-1 et. seq., published and of general circulation in counties where service is provided, making due return to this Commission of proper certification of publication within thirty (30) days from the date of publication.

IT IS FURTHER ORDERED that within thirty (30) days of the date of this Order Morgantown Utility Board separately mail the Form No. 14 Notice of Filing to each of its resale customers, via certified mail, return receipt requested, and shall have made due return to this Commission of its affidavit as proper certification that the notice was provided.

IT IS FURTHER ORDERED that in the absence of substantial protest received within the stated thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application and the Commission's review thereof.

A True Copy: Teste:

Sandra Squire
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 11-1567-W-CN

MORGANTOWN UTILITY BOARD
Application for a Certificate of Convenience and Necessity to extend its water system to serve the Quarry Run Road/Whispering Woods area located in Monongalia County.

NOTICE OF FILING

On October 25, 2011, Morgantown Utility Board, (Morgantown) filed a verified application for a certificate of convenience and necessity to extent its water system to serve the Quarry Run Road/Whispering Woods are located in Monongalia County. On October 31, 2011, Morgantown filed a revised Form 14.

The waterline extension includes 21,750 linear feet of 6-inch and 8-inch waterlines, a booster station, and a water storage tank.

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

Morgantown estimates that construction will cost approximately $2,275,236.00. It is proposed that the construction will be financed by grants and loans from Monongalia County Commission, Morgantown Utility Board, IJDC loan, and WV BPH.

Morgantown does not seek a rate increase in connection with this filing and will continue to charge its existing rates for its customers, pursuant to its current water tariff on file with the Commission. Morgantown's current rates were enacted and became effective June 21, 2011, in accordance with the Public Service Commission's rules for municipal rate change.

MINIMUM MONTHLY BILL
4000 gallons $15.48 per month

The residents of Quarry Run Road/Whispering Woods will pay a surcharge of $40.00 per month per customer, or $120.00 per quarter, per customer. This surcharge will be evaluated annually, and in the event that a change in the number of customers results in a five percent (5%) change in the rate, the rate will be adjusted.

PUBLISHER'S CERTIFICATE

vs.

09:11 AM DEC 02 2011 PSC EXEC SEC DIV

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA

I Eric Wilson Advertising Director 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 THE DOMINION POST once a week

for 1 successive weeks commencing on the

23rd day of Nov. ,2011 and ending on the

23rd day of Nov. ,2011

The publisher's fee for said publication is $248.43

Given under my hand this 23rd day of

November ,2011

(SEAL)

Advertising Director of THE DOMINION POST

Subscribed and sworn to before me this 23rd

day of November ,2011

Kathy J. Custer

Notary Public of Monongalia County, W. Va.

My commission expires on the 13th day of

April , 2014

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KATHY J. CUSTER
409 WEST WOOD STREET
STAR CITY, WV 26505
My Commission Expires April 13, 2014

DELAYED PAYMENT PENALTY
The above tariff is net. On all accounts not paid in full within twenty (20) days of the latest pay date, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

CONSTRUCTION CHARGE (if applicable)
Prior to construction -$100.00
After construction passes the premises to be served, charge for connection to system -$700.00

Morgantown Utility Board's resale customers are: Cheat View PSD, Clinton Water Association, Chaplin Water Association, Clay Battelle PSD, Pleasant Valley PSD, River Road PSD, and the City of Star City.

Anyone desiring to protest or intervene should file a written protest or request to intervene within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or request to intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene. Requests to intervene must comply with the rules on intervention set forth in the Commission's *Rules of Practice and Procedure*. All protests and requests to intervene should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on the Commission's review of the evidence submitted with the application.

MORGANTOWN UTILITY BOARD

087-0023
2011
ORD11-47

AN ORDINANCE BY THE CITY OF MORGANTOWN AMENDING SECTIONS 929.01, 929.03, 929.05, 929.06, 929.10, 929.13, 929.19, 929.20, AND 929.22 OF ITS STREETS, UTILITIES AND PUBLIC SERVICES CODE, AS THE SAME APPLIES TO STORMWATER MANAGEMENT AND SURFACE WATER DISCHARGE CONTROL.

The City of Morgantown hereby ordains that Article 929 of its Streets, Utilities and Public Services Code is amended as follows (new matter underlined, deleted matter struck through):

929.01 Definitions:

Unless the context specifically indicates otherwise, the meaning of the terms used herein shall be as follows:

(a) "Best Management Practices (BMPs)" are physical, structural and/or managerial practices that, when used singly or in combination, control site run-off, spillage and leaks, waste disposal and drainage from raw material storage and prevent or reduce the discharge of pollutants directly or indirectly to waters of the State. BMPs may include schedules of activities, prohibition of practices, design standards, educational activities and treatment requirements.

(b) "City watershed" are those areas within the corporate limits of the City of Morgantown, and designated areas outside of those limits, over which surface water naturally drains into the City. Designation of areas outside of the corporate limits of the City of Morgantown shall be made by the Director.

(c) "Director" is the General Manager of the Morgantown Utility Board, or his/her designee.

(d) "Facility" for purposes of Section ~~929.18~~ 929.16 of this Article is a building, structure, installation or ~~construction~~ site in which pollutants are or may be produced and/or generated as a result of any activity, a process or processes~~,~~ conducted within the building, structure ~~or installation.~~ , installation, or site.

(e) "Flat rate charge" is the charge applicable to a single-family dwelling per dwelling unit.

(f) "Footing drain" is a pipe or conduit which is placed around the perimeter of a building foundation or other structures for the purpose of admitting ground water.

(g) "Illicit connection" means any physical connection to a publicly maintained storm drain system which has not been authorized by the Morgantown Utility Board from the date of enactment of this article.

(h) "Illicit discharge" means any discharge to a storm drain or into the stormwater collection system that is not composed entirely of stormwater, except discharges pursuant to a NPDES permit, discharges resulting from firefighting activities, and other discharges exempted in this article.

(i) "Impervious area" is land area covered by buildings, pavement, gravel or other material that significantly inhibits stormwater from penetrating the ~~soil~~ earth. Unvegetated clay or clay-like soil surfaces shall be considered impervious for the purposes of this article.

(j) "Industrial sites" are those sites that contain industrial activities which require NPDES stormwater permits as set forth in 40 CFR 122.26(a)(6).

(k) "Multi-unit property" is a residential, non-residential or commercial property of any size that has located upon the property two or more tenants, at least one of which having no ownership interest in the property.

(l) "New Development" is any construction activity upon undisturbed/undeveloped land.

(m) "Non-stormwater" is all flows to the stormwater system not defined as stormwater in Section 929.01 of this article or as determined by the Director. This includes, but is not limited to, cooling water, process water, ground water from a purge well and swimming pool discharge.

(n) "Pervious area" is all land area that is not impervious.

(o) "Pollutant" means objects including, but not limited to, dredged soil, solid waste, incinerator residue, sewage, garbage, sewage sludge, grease, petroleum products, munitions, chemical waste, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, silt, dirt, industrial, municipal and agricultural waste, gasses entrained in water, paints, oil and other automotive fluids, soil, rubbish, debris, materials containing fecal coliform, fecal streptococcus, and enterococcus, heavy metals, hazardous wastes, yard waste from commercial landscaping operations, animal waste, materials that result from the process of building, and offensive matter of any kind, which, when discharged to water, cause or contribute to water pollution.

(p) "Pollution" is the degradation of the physical, thermal, chemical, biological or radioactive properties of the waters of the State and/or the discharge of any pollutant to the waters of the State which will or is likely to create a nuisance or to render such waters harmful, detrimental or injurious to public health, safety or welfare or to the beneficial use of the water and/or the water environment.

(q) "Re-Development" is any reconstruction of or modification to the impervious area of an existing property that requires or would require a ~~building permit~~ Stormwater Erosion and Sediment Permit and/or a Stormwater Management and Comprehensive Drainage Permit under existing ordinance.

(r) "Stormwater" is atmospheric precipitation, surface runoff water, ground water discharge, water from operation of the water distribution system, water used in fire fighting, runoff from street sweeping, flows from footing drains and all other discharge sources identified in the City of Morgantown stormwater NPDES permit, except as may be defined as non-stormwater by this article.

(s) "Stormwater management" is the process of collection, conveyance, storage, treatment and disposal of stormwater to ensure control of the magnitude and frequency of runoff to minimize the impact of the runoff upon the water quality of the receiving stream and the other hazards associated with flooding.

(t) "Stormwater service charge" is a flat rate charge, a charge based on land area, and/or a non-stormwater user charge.

(u) "Stormwater permit" is a generic term which refers to either, or both, the Stormwater Erosion and Sediment Permit and/or the Stormwater Management and Comprehensive Drainage Permit, whichever is applicable given the context of the reference. These specific permits are described in detail in sections 929.13 and 929.20, respectively.

(~~u~~v) "Stormwater system" ~~is public and private stormwater sewers, drains, ditches, streets, retention/detention ponds, dams, river impoundments and flood control facilities used for collecting and transporting stormwater and non-stormwater.~~ includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, streams, creeks, rivers, ditches, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations. As applied in this Article, "stormwater system" does not include highways, roads and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(~~v~~w) "User" is a firm, person or property which is the legal owner or occupant of a property that directly or indirectly contributes stormwater or non-stormwater flows to the stormwater system, whether within or outside the corporate limits of the City of Morgantown.

929.02 General:

(a) This article has been enacted to protect and enhance the water quality of our watercourses, water bodies, groundwater and wetlands in a manner pursuant to and consistent with the Clean Water Act and associated federal and state stormwater regulations.

(b) The intent of this article is:

(1) To control non-stormwater discharges to storm drain systems.

(2) To reduce pollutants in stormwater discharges.

(3) To control stormwater runoff by providing design, construction and maintenance criteria for permanent and temporary stormwater facilities.

(4) To maintain and improve the stormwater collection system in order to protect and improve water quality in the receiving streams and to reduce or eliminate local flooding resulting from stormwater accumulation.

(5) To fully comply with federal and state statutory and regulatory requirements and schedules regarding stormwater management and the water quality of the receiving streams.

929.03 Stormwater Service Charges:

(a) Users connected to or draining into the public ~~storm drainage~~ stormwater system shall pay an equitable share of the actual cost of the operation, maintenance of, improvements to, and necessary additions to the stormwater system. Therefore, all owners or tenants of real property in the City of Morgantown and the City watershed shall be charged for the use of the stormwater system based on the amount of stormwater and rate of flow of stormwater which is projected to discharge into the stormwater system from the property.

(b) The City Council shall, by ordinance, set fees which will recover from users their fair share of costs for use of the stormwater system by property within and outside the corporate limits of the City of Morgantown and within the City watershed. Such fees will be for the operation and maintenance of, improvements to, and necessary additions to, the stormwater system.

929.04 Property Affected:

Except as provided in this Article, all real property shall be subject to the stormwater service charges regardless of whether privately or publicly owned.

929.05 Flat Rate Charges:

The monthly service charge for users occupying a single-family residential dwelling, as defined by the Director, shall be ~~three dollars and sixty three cents ($3.63).~~ five dollars and thirty cents ($5.30). After ~~October 1, 2008,~~ April 1, 2012, the monthly service charge for a single-family residential dwelling shall be ~~five dollars and thirty cents ($5.30).~~ five dollars and eighty eight cents ($5.88). The City Council may, from time to time, by ordinance, change these service charges.

929.06 Charges Based on Land Area:

The monthly service charge for properties other than described in Section 929.05 shall be computed in the following manner: ~~one dollar and forty five cents ($1.45)~~ two dollars and twelve cents ($2.12) per 1,000 square feet of impervious area upon the property, as determined by the Director. After ~~October 1, 2008,~~ April 1, 2012, the monthly service charge for properties other than described in section 929.05 shall be computed in the following manner: ~~two dollars and twelve cents ($2.12)~~ two dollars and thirty five cents ($2.35) per 1,000 square feet of impervious area upon the property, as determined by the Director.

Service charges for a multi-unit property shall be billed to each individual tenant upon the property in a fair and proportionate share of the total property service charge, if said tenant has an individual drinking water service meter. At the discretion of the property owner, or if the individual tenants do not have individual drinking water service meters, service charges for a multi-unit property may be billed to the property owner. A property owner exercising this choice must complete a written agreement as required by the Director.

The Director shall assign discount credits to those newly constructed properties employing volumetric flow reduction facilities. The Director may further assign discount credits to those existing properties employing rate of flow reduction practices. Such credits shall be provided only for additional volumetric flow reductions achieved voluntarily above and beyond the levels otherwise required by this Article.

The City Council may, from time to time, by ordinance, change these rate charges.

929.07 Billing:

The billing for stormwater service may be combined with the billing for other utility services provided by the Morgantown Utility Board.

929.08 Collection:

Unpaid stormwater service charges shall constitute just cause for disconnection of public water service to the non-paying property. The Director shall ensure sufficient notice of disconnection is issued no later than thirty (30) days prior to the scheduled disconnection, and that notice of disconnection is posted on the affected property no later than five (5) days prior to the scheduled disconnection. Water service shall be reactivated only upon full payment of the stormwater service charges or other payment arrangements approved by the Director. In the alternative, the Director may take appropriate legal action to collect unpaid charges.

929.09 Use of Funds:

All funds collected for stormwater service shall be accounted for separately and shall be used solely for the construction, operation and maintenance of the stormwater system.

929.10 General Requirements and Prohibitions:

(a) The use of the stormwater collection system shall be the collection and transportation of stormwater.

(b) No person shall place or cause to be placed any pollutant into the stormwater system other than stormwater, unless written approval has been granted by the Director. The Director may refuse to grant approval to discharge non-stormwater into the stormwater system for any reason or combination of reasons.

(c) The Morgantown Utility Board shall administer use of the stormwater system to all users within the City watershed, whether located within or outside City limits.

(d) No person shall cause or permit the introduction of any pollutant into the stormwater system, whether solid, liquid or gaseous, that will cause:

(1) Chemical reaction, either directly or indirectly with the materials of construction used in the stormwater system or that will impair the strength or durability of sewers or structures;

(2) Mechanical action that will destroy or damage sewers or structures;

(3) Restriction of the normal maintenance and inspection of sewers;

(4) Danger to public health and safety or to the environment;

(5) Conditions that create a public nuisance;

(6) An oil sheen or unusual color;

(7) Abnormal demand on the stormwater system capacity; ~~or,~~

(8) An adverse effect upon the function of the stormwater system; or,

(8 9) The stormwater system to violate its NPDES permit or applicable receiving water standards and all other Federal, State, and local regulations.

(e) Any person or entity engaged in activities which will or may result in pollutants entering the storm drain system shall undertake best management practices to reduce such pollutants. Examples of such activities include, but are not limited to, ownership and/or operation of facilities that may be a source of pollutants, such as paved parking lots, gasoline stations, industrial facilities, and private roads/streets.

(f) No person shall throw, deposit, leave, maintain or cause to be thrown, deposited, left or maintained any refuse, rubbish, garbage, grease, petroleum products, or other discarded or abandoned objects, articles and accumulations in or upon any street, alley, sidewalk, storm drain inlet, catch basin, conduit or other drainage structures, parking area, or upon any private or public plot of land so that the same might become a pollutant, except where the pollutant is being temporarily stored in properly contained waste receptacles or is part of a well defined compost system.

(g) No person shall cause or permit any dumpster, solid waste bin, or similar container to leak such that any pollutant is discharged into any street, alley, sidewalk, storm drain, inlet, catch basin, conduit or other drainage structure, or upon any public or private plot of land in the urban watershed.

(h) No person shall use the stormwater system for discharge from any environmental cleanup that is regulated under federal or state law unless approved by the Director. Approval by the Director must be conditioned upon the discharge meeting all criteria for discharge under this chapter. Approval conditions may provide for measures appropriate to prevent harm due to possible exfiltration into the ground adjacent to the system or failure of any pretreatment system for the discharge.

(i) No person shall alter the configuration or condition of the stormwater system, or create a configuration or condition within the stormwater system, which adversely affects the function of the stormwater system.

(j) No person shall purposefully discharge or purposefully cause the discharge of stormwater from their property without the use of an approved connection to the City stormwater system. The intent of this item is to leave natural drainage unregulated, but to regulate any change to the natural drainage caused by manmade actions. Any person found to be in violation of this prohibition shall take appropriate action, subject to the approval of the Director, to stop and to prevent such discharge.

(1) If unable to achieve compliance through their own means, such person shall apply and pay for an extension of the City stormwater system to his/her property. In such cases, the work necessary within the private property to collect

the stormwater and to connect to the City stormwater system shall be performed by and at the expense of the private party.

(2) Any party receiving a warning Notice of Violation and/or an Order from the Director requiring correction of such conditions may appeal as provided in section 929.32.

929.11 Illicit Connections:

It is prohibited to establish, use, maintain or continue illicit connections to the municipal stormwater system, or to commence or continue any illicit discharges to the municipal stormwater system.

929.12 Outdoor Storage Areas:

In outdoor areas, no person shall store grease, oil or other hazardous substances in a manner that will or may result in such substances entering the stormwater system. In outdoor areas, no person shall store motor vehicles, machine parts, or other objects in a manner that may leak grease, oil, or other hazardous substances to the stormwater system. To prevent the discharge of hazardous substances to the stormwater system, the Director may require the installation of a spill containment system. Spill containment systems may consist of a system of dikes, walls, barriers, berms, or other devices as required. No person shall operate a spill containment system such that it allows incompatible liquids to mix and thereby create a hazardous condition.

929.13 Erosion and Sediment from Construction Sites:

(a) Any person performing construction work in the City watershed of the City of Morgantown shall comply with the provisions of this Article and shall provide erosion and sediment controls that effectively prevent discharges of pollutants to ~~a storm drain~~ the stormwater system. ~~The City Council may establish by ordinance standards and guidelines implementing BMPs designed to provide erosion and sediment control from construction sites.~~ For the purposes of this section, construction shall mean any man-made activity which, either temporarily or permanently, disturbs, alters, creates, cuts, fills, grades, excavates, occupies, or otherwise affects the land such that soil, or any other natural non-vegetative earthen material, is exposed and/or potentially transported into the water environment through the mechanisms of erosion and sedimentation.

(b) The Director may establish standards and guidelines for implementing BMP's intended to provide erosion and sediment control for construction sites. Such standards and guidelines shall be at least as stringent as those, if any, provided by the WV Division of Environmental Protection.

(c) The following activities shall be exempt from the requirements of this section.

(1) Residential gardens and/or flower beds of less than 1000 square feet of actual disturbed area;

(2) Additions or modifications to existing detached single-family dwellings of a size less than 1,000 square feet of actual disturbed area; and

(3) Activities that result in an actual disturbed area of less than 1,000 square feet. However, a phased construction project shall be measured by the size of all planned or contemplated phases. Each phase may be required to meet the requirements of this article.

(4) Any exemption provided under this Section shall relieve only the requirement to apply for and obtain a stormwater Erosion and Sediment Permit. The activity must still be conducted in such a manner that pollution from erosion and sedimentation as a result of the activity is prevented.

(d) All construction work subject to the provisions of this article shall be required to obtain a stormwater Erosion and Sediment Permit unless exempted under the provisions of Section 929.13(c). The Director shall issue a stormwater Erosion and Sediment Permit for plans that meet the requirements of this section and any other requirements of this article.

(1) No City grading permit shall be issued without the approval of a stormwater Erosion and Sediment Permit issued under the provisions of this article, unless the Director has issued a formal Determination stating that a stormwater Erosion and Sediment Permit is not required. Processing of the application for a stormwater Erosion and Sediment Permit shall be coordinated with other City permits as provided in Section 929.22.

(2) No City building permit that includes work subject to the provisions of this section shall be issued without the approval of a stormwater Erosion and Sediment Permit issued under the provisions of this article, unless the Director has issued a formal Determination stating that a stormwater Erosion and Sediment Permit is not required. Processing of the application for a stormwater Erosion and Sediment Permit shall be coordinated with other City permits as provided in Section 929.22.

(e) Any construction work for which a stormwater Erosion and Sediment Permit is required, shall implement the measures required by the stormwater Erosion and Sediment Permit as the first item of work to be performed, before any other aspect of the construction is begun.

(1) In the event that unique site conditions require some other aspect of the construction to be accomplished prior to implementation of the measures required by the stormwater Erosion and Sediment Permit, the Permittee shall be required, as a condition of the Permit, to provide and maintain temporary and / or phased measures so that the intent of this section is accomplished . In such cases, site work shall be planned and prioritized so that implementation of the full measures of the Permit shall be accomplished as soon as possible.

(f) Any permit issued under the provisions of this article shall be posted at the subject site during the time that such work is being performed, in such manner and at such place on such premises as the same may be readily seen and inspected by the police officers and other agents and officials of the City. In the event that any such permit so posted shall be removed, lost or destroyed, a duplicate thereof shall immediately be applied for to the Director.

929.14 Discharge of Pollutants:

Discharges from the following activities will not be considered a source of pollutants to waters of the State when properly managed: water line flushing and other discharges from potable water sources, landscape irrigation and lawn watering, irrigation water, diverted stream flows, rising ground waters, groundwater infiltration to separate storm drains, uncontaminated pumped ground water, foundation and footing drains, roof drains, water from crawl space pumps, residential air conditioning condensation, springs, individual residential and non-profit group car washes, flows from riparian habitats and wetlands, dechlorinated swimming pool discharges or flows from fire fighting activities and training.

929.15 Discharge in Violation of Permit:

Any discharge that would cause a violation of a Municipal NPDES Permit and any amendments, revisions or reissuance thereof, either separately considered or when combined with other discharges, is prohibited. Liability for any such discharge, including, but not limited to, the cost of remedial activity, shall be the responsibility of the person(s) causing or responsible for the discharge, and the City shall seek to have such persons defend, indemnify and hold harmless the City in any administrative or judicial enforcement action against the City of Morgantown and/or the Morgantown Utility Board relating to such discharge as provided by applicable rules of law.

929.16 Notification of Spills:

All persons in charge of a facility or responsible for emergency response for a facility are responsible to train facility personnel, maintain records of such training and maintain notification procedures to assure that immediate notification is provided to the Director upon becoming aware of any suspected, confirmed or unconfirmed release of material, pollutants or waste creating a risk of discharge into the municipal stormwater system or into a receiving stream.

929.17 Construction:

(a) Only designated Morgantown Utility Board employees or parties authorized by the Director may perform construction upon the public facilities of the stormwater system. Public facilities of the system shall include:

(1) Those facilities that serve two or more properties, including, but not limited to, main pipelines that collect and transmit stormwater from and/or across two or more properties; and,

(2) All taps or other connections from a private lateral to a public facility of the system.

(b) All public costs and expenses of and incidental to the installation of private stormwater facilities, connections to public facilities, and installation of public facilities to facilitate and convey flows from a specific private facility shall be borne by the owner(s) of the private facility. Payment terms for these costs and expenses shall be designated by the Director.

(c) Parties authorized by the Director to perform construction of or upon the public facilities of the stormwater system shall comply with the design and construction standards promulgated by the Director. These parties shall allow for inspection of the construction by the Director at all

times, and construction shall only occur during normal working hours of the Utility Board. No facility constructed by an authorized party may be covered or connected to a public facility without specific authorization of the Director. This authority shall be granted by the Director upon satisfaction of the announced design and construction standards.

(d) All public facilities shall, upon authorized completion, be property of the City of Morgantown.

(e) A party authorized by the Director to perform construction upon the public facilities of the stormwater system shall meet the following requirements prior to and throughout construction:

(1) Compliance with all relevant Federal and State labor, employment and environmental laws; and,

(2) Compliance with all relevant and applicable state laws regarding government construction contracts, including, but not limited to, WV Code §§ 5-22-1, et seq. And 21-5A-I, et seq.; and,

(3) Full and active policy coverage as certified by the West Virginia Bureau of Employment Programs, Workers' Compensation Division; and,

(4) Contractor's liability insurance, issued by an insurance company with a Best's rating of no less than "A" and certified to the satisfaction of the Director, which may include commercial general, automobile, umbrella and builders risk policies, naming the City of Morgantown and the Morgantown Utility Board as additional insureds. Policies and coverage limits and terms required shall be appropriate to the subject construction and shall be designated by the Director; and,

(5) A construction bond, issued by an insurance company with a Best's rating of no less than "A" and certified to the satisfaction of the Director, equal to the estimated cost of the construction and for a term equal to the duration of the construction project. At the discretion of the Director, a bonded party may provide a cumulative general construction bond in satisfaction of this requirement; and,

(6) A repair bond, issued by an insurance company with a Best's rating of no less than "A" and certified to the satisfaction of the Director, in an amount no more than the reasonable estimate of repair costs, as determined by the Director, and for a term of no longer than five years, beginning on the date of substantial project completion. At the discretion of the Director, a bonded party may provide a cumulative general construction bond in satisfaction of this requirement; and,

(7) Certification of full compliance with all relevant state and local permits and tax rules and regulations, certification of appropriate property rights to perform the construction, and conveyance to the City of Morgantown of approriate property rights for the completed public facilities.

(8) Nothing in subsections (e) (2),(3),(4),(5) and (6) hereof shall apply to any situation where the Director shall come to an agreement with volunteer or a volunteer group doing work for a qualified not-for-profit entity, whereby the Director will provide engineering, technical or other services and the volunteers will provide the necessary labor without charge to, or liability upon, the City of Morgantown or the Morgantown Utility Board. The not-for-profit entity shall be responsible for all costs to the utility associated with such a project.

929.18 Stormwater Taps:

(a) The Director or a party authorized by the Director will furnish and install stormwater system taps of the size and at the location requested in writing by an applicant upon a form to be provided by the Director. The applicant shall pay the full cost of the tap installation.

(b) The Director may deny a tap application when the requested tap is proposed to an inadequate public facility.

929.19 Enforcement:

(a) No person shall cause or allow any discharge into the municipal separate storm sewer system in violation of the City's NPDES permit, the Clean Water Act and/or this Article.

(ab) No person shall construct or maintain any property, residence or business not in compliance with the standards of this article.

(bc) The Director and other authorized employees of the City bearing proper credentials and identification shall be permitted, after reasonable notice, to enter upon all properties in the City watershed for the purposes of inspection, observation, measurement, sampling and testing in accordance with the provisions of this article.

(cd) No person or firm shall fail to provide any report or other information or perform any duty required by this article.

(de) The Director is authorized to take appropriate legal action to require compliance with this article.

(ef) The Director is authorized to take appropriate legal action to enforce and collect upon the terms of a construction and/or repair bond in the event of default of the conditions described therein.

(g) The Director is authorized to issue warning notices of violations for any conditions found to violate the requirements provided in this Article. A warning notice of a violation of this Article shall be served upon the alleged violator by personal delivery or by certified mail, return receipt requested. The warning notice shall state the nature of the violation, the potential penalty, the action required to correct the violation, and a time limit for making the correction.

(h) Violations of this article shall be a criminal misdemeanor, subject to criminal citation and punishable by a fine of up to Five Hundred Dollars ($500). Each and every day or portion thereof that a person or entity fails or refuses to remedy a violation shall be considered a separate

offense. Citations may be issued against any person or firm who has violated or continues to violate any section of this Article or any of the following:

(1) Failing to comply with a valid order issued under this Article; and/or

(2) Failing to allow entry, inspection or monitoring; and/or

(3) Violation of reporting requirements or falsification of reports.

(~~f~~i) If, after reasonable warning notice, a person fails to comply with this article within the time limit included in the notice, the Director may ~~cause the work to be done to obtain compliance and shall charge the cost of that work to the person responsible. The responsible person shall pay in full the charged amount within thirty (30) days of the invoice date, or otherwise make arrangements, acceptable to the Director, for full payment of the invoiced amount.~~ seek issuance of a criminal citation by appropriate law enforcement authorities.

(~~g~~j) In addition to any other remedy, the Director, after thirty (30) calendar days written notice and five (5) calendar days notice posted on the affected property, is authorized to disconnect water service, sanitary sewer and stormwater sewer services to any property in violation of this article. The notice shall state that persons affected may within five (5) calendar days provide the Director with any information or reasons as to why services should not be disconnected.

(~~h~~k) The Director is authorized to take all steps necessary to immediately and without notice halt any discharge of pollutants which reasonably appear to present an imminent danger to the health or welfare of persons or to the environment of the City watershed. A person or entity causing such discharge shall immediately eliminate the violation. If such person or entity fails to immediately eliminate the violation, the Director may take all steps necessary to eliminate the discharge.

(l) When the Director finds that a person or entity has violated or continues to violate any section of this Article, the Director may petition a court of competent jurisdiction for the issuance of a permanent or temporary injunction, as appropriate, which restrains or compels specific compliance with this Article. The Director may also seek such other action as is appropriate for legal and/or equitable relief, including a requirement that the person or entity conduct an environmental remediation. A petition for injunctive relief shall not be a bar against or a prerequisite for taking any other action against the person or entity. The Director may recover from a violator reasonable attorney's fees, court costs and other expenses associated with the enforcement of this Article, as well as the cost of actual damages incurred by the City.

(~~i~~m) Persons aggrieved by any determination of the Director in enforcing this Article may appeal that determination to the Morgantown Utility Board, ~~or a court of proper jurisdiction. Prosecution shall be stayed pending such an appeal.~~

929.20 Stormwater Management and Comprehensive Drainage Plans:

(a) The requirements and standards of this section shall apply to all new developments and redevelopment projects. The intent of these regulations is to minimize the discharge and transport of pollutants to storm drain systems and prevent the deterioration of water quality.

(b) All new developments and redevelopment projects within the City watershed shall include stormwater management plans and comprehensive drainage plans as described in this section. These plans shall be subject to the review and approval of the Director.

(c) The following activities shall be exempt from the requirements of this section, except that no activity shall be exempt from the management of the discharge of sediment or any other form of water pollution that may leave any parcel or site.

(1) Agricultural land management activities;

(2) Additions or modifications to existing detached single-family dwellings of a size less than 1,000 square feet; and

(3) Activities that result in impervious surface area of less than 3,000 square feet, regardless of the ratio of impervious surface area to total site area. However, a phased construction project shall be measured by the size of all planned or contemplated phases. Each phase may be required to meet the requirements of this article.

(d) All new development and redevelopment subject to the provisions of this article shall be required to obtain a stormwater Management and Comprehensive Drainage Permit ~~permit~~ unless exempted under the provisions of Section 929.20(c). The Director shall issue a stormwater Management and Comprehensive Drainage Permit ~~management permit~~ for plans that meet the requirements of this section and any other requirements of this article. No City grading permit, or building permit which includes work subject to the provisions of this section, shall be issued without the ~~submission~~ approval of a stormwater Management and Comprehensive Drainage Permit ~~permit~~ issued under the provisions of this article, unless the Director has issued a formal Determination stating that a stormwater Management and Comprehensive Drainage Permit is not required. Processing of the application for a stormwater Management and Comprehensive Drainage Permit shall be coordinated with other City permits as provided in Section 929.22.

(1) Any work for which a stormwater Management and Comprehensive Drainage Permit is required, shall implement the measures required by the stormwater Management and Comprehensive Drainage Permit as the first item of work to be performed, before any other aspect of the construction is begun.

(2) In the event that a stormwater Erosion and Sediment Permit is also required, the measures required by the Erosion and Sediment Permit shall be implemented first, and the measures required by the Management and Comprehensive Drainage Permit shall be implemented simultaneously, if possible, or immediately thereafter, so that no other aspect of the construction is begun until all stormwater permit requirements have been implemented.

(3) In the event that unique site conditions require some other aspect of the construction to be accomplished prior to implementation of the measures required by the

stormwater Management and Comprehensive Drainage Permit, the Permittee shall be required, as a condition of the Permit, to provide and maintain temporary and / or phased measures so that the intent of this section is accomplished . In such cases, site work shall be planned and prioritized so that implementation of the full measures of the Permit shall be accomplished as soon as possible.

(4) Any permit issued under the provisions of this article shall be posted at the subject site during the time that such work is being performed, in such manner and at such place on such premises as the same may be readily seen and inspected by the police officers and other agents and officials of the City. In the event that any such permit so posted shall be removed, lost or destroyed, a duplicate thereof shall immediately be applied for to the Director.

(e) Technical, administrative or procedural matters may be modified by the Director as needed to meet the objectives and policies defined in this article, so long as such modifications are not contrary to or beyond the intent of the objectives and policies included in this article.

(f) Uniform requirements shall be applied to each regulated project site. These requirements shall be based upon the criterion that post development stormwater peak runoff rates of flow must not exceed the pre-development peak runoff rates of flow. In redevelopment projects, a peak runoff rate of flow reduction of ten percent (10%) from the preexisting peak runoff rate of flow must be achieved. However, no reduction shall be required beyond the peak runoff rate of flow that would occur from the parcel in its natural, undeveloped state.

(g) For construction that results in impervious area of 3,000 square feet or more and less than 25,000 square feet, and if the ratio of impervious surface area to total site area is less than seventy-five percent (75%), a stormwater management and comprehensive drainage plan will be required in order to qualify for a stormwater permit. The plan shall include the following information:

(1) Descriptive Information:

A. Title block with:

1. Development name
2. Owner
3. Design firm
4. Legend
5 North arrow
6. Vicinity map
7. Scale
8. Sheet numbers
9. Date

B. Topographical features:

1. Original contours at intervals no greater than two vertical feet.
2. Existing drainage components, i.e., streams, ponds, pipes, etc.
3. Property boundary lines.
4. Existing streets, buildings, and utilities.
5. 100 year flood plain.
6. Off-site drainage entering site.

7. Original drawing no larger than 24-inch x 36-inch and at a scale from 1 inch equals 10 feet to 1 inch equals 50 feet.

C. Site plan:
1. Existing and proposed structures, roads, buildings, paved areas.
2. Existing and proposed stormwater management system and components including sizes, lengths, pertinent elevations, etc.
3. Where and how proposed stormwater management system will be connected to existing systems.
4. Location and grade of all swales including cross sections.
5. Location and design of all other Best Management Structures /Implementations.
6. Sediment and Erosion Control measures are required. Refer to the most current edition of the West Virginia Department of Environmental Protection Sediment and Erosion Control manual for acceptable means and methods.
7. Existing and proposed ground cover.
8. Total Impervious Area.
9. Control release facilities showing cross-sections and profiles.

D. Final as-built drawings:
1. Show location, length, sizes, pertinent elevations of the stormwater management system.
2. All impervious areas shall be accurately depicted.
3. Failure to provide final as-built drawings within three months of substantial project completion will cause the utility to prepare these drawings. The responsible party shall be charged for this service. The Director may extend this time as deemed necessary.

(2) Design standards:

A. Flow rates shall be calculated by use of the Rational Method unless sufficient justification for use of another method is approved by the Director.

B. The minimum "time of concentration" to be used in the calculations shall be six (6) minutes.

C. ~~The ABT & Grigg Method shall be used to determine the volume necessary for detention.~~ The method for determining the volume necessary for detention may be chosen by the Applicant, but such choice shall remain subject to the approval of the Director. Detention structures shall be designed in such a manner that the post-construction peak runoff rate of flow shall be equal to or less than the pre-construction peak runoff rate of flow for 2-year/24-hour, 10-year/24-hour and 25-year/24-hour storms. In redevelopment projects, a peak runoff rate of flow reduction of 10% from the pre-existing peak runoff rate of flow must be achieved. However, no reduction shall be required beyond the peak runoff rate of flow that would occur from the parcel in its natural, undeveloped state.

D. Beginning on July 1, 2013, detention structures that have not been approved for construction shall be designed in such a manner that the post-construction peak runoff rate of flow shall be equal to or less than the pre-construction peak runoff rate of flow for 2-year/24-hour, 10-year/24-hour and 50-year/24-hour storms. In redevelopment projects, a peak runoff rate of flow reduction of 10% from the preexisting peak runoff rate of flow must be achieved. However, no reduction shall be required beyond the peak runoff rate of flow that would occur from the parcel in its natural, undeveloped state.

(3) Design Backup:

A. Calculations of volumetric runoff and peak runoff rate of flow for both pre-development and post-development.

B. Calculations for stormwater detention/retention facility and other system elements.

C. Operation and Maintenance Manual for private stormwater control facilities

(4) Sedimentation and erosion control measures are required. Refer to the most current edition of The West Virginia Department of Environmental Protection Sedimentation and Erosion Control Manuel for acceptable means and methods.

(h) For construction that results in impervious area of 25,000 square feet and greater or, if the ratio of impervious surface area to total site area is greater than 75%, a Stormwater Management and Comprehensive Drainage Plan will be required in order to qualify for a stormwater permit. The plan shall include the following information:

(1) Descriptive Information:

A. Title Block With:

1. Development name
2. Owner
3. Design firm
4. Authorized registered professional engineer stamp, signature, and date.
5. Legend
6. North arrow
7. Vicinity map
8. Scale
9. Sheet numbers
10. Date
11. Revision numbers and dates

B. Topographical features

1. Original and proposed contours at intervals no greater than 2 vertical feet.
2. Existing drainage components, i.e., streams, ponds, pipes, etc.
3. Property Boundary lines.
4. Existing streets, buildings, and utilities.
5. 100 year flood plain.
6. Off-site drainage entering site.

7. Original drawing no larger than 24-inch x 36-inch and at a scale from 1-inch equals 10 feet to 1-inch equals 50 feet.

C. Site plan:

1. Existing and proposed structures, roads, buildings, paved areas.
2. Existing and proposed stormwater management system and components including sizes, lengths, pertinent elevations, etc.
3. Where and how proposed stormwater management system will be connected to existing systems.
4. Location and grade of all swales including cross sections.
5. Location and design of all other Best Management Structures/ Implementations.
6. Sedimentation and Erosion Control measures are required. Refer to the most current edition of The West Virginia Department of Environmental Protection Sedimentation and Erosion Control Manual for acceptable means and methods.
7. Existing and proposed ground cover.
8. Total Impervious Area
9. Control release facilities showing cross-sections and profiles.

D. Final as-built drawings:

1. Submitted in Autocadd DXF or DWG file format
2. Show all revised contours and appropriate "spot elevations"
3. Show location, length, sizes, pertinent elevations of the stormwater management system.
4. All impervious areas shall be accurately depicted.
5. Failure to provide final as-built drawings within three months of substantial project completion will cause the utility to prepare these drawings. The responsible party shall be charged for this service. The Director may extend this time as deemed necessary.

(2) Design standards:

A. Flow rates shall be calculated by use of the Rational Method unless sufficient justification for use of another method is approved by the Director.

B. The minimum "time of concentration" to be used in the calculations shall be six (6) minutes.

C. ~~The ABT & Grigg Method shall be used to determine the volume necessary for detention.~~ The method for determining the volume necessary for detention may be chosen by the Applicant, but such choice shall remain subject to the approval of the Director. Detention structures shall be designed in such a manner that the post-construction peak runoff rate of flow shall be equal to or less than the pre-construction peak runoff of flow rate for 2-year/24-hour, 10-year/24-hour and 25-year/24-hour storms. In redevelopment projects, a peak runoff reduction of 10% from the pre-existing peak runoff rate of flow must be achieved. However, no

reduction shall be required beyond the peak runoff rate of flow that would occur from the parcel in its natural, undeveloped state.

D. Beginning on July 1, 2013, detention structures that have not been approved for construction shall be designed in such a manner that the post-construction peak runoff rate of flow shall be equal to or less than the pre-construction peak runoff rate of flow for 2-year/24-hour, 10-year/24-hour and 50-year/24-hour storms. In redevelopment projects, a peak runoff rate of flow reduction of 10% from the preexisting runoff must be achieved. However, no reduction shall be required beyond the peak runoff rate of flow that would occur from the parcel in its natural, undeveloped state.

(3) Design Backup:

A. Calculations of volumetric runoff and peak runoff rate of flow for both pre-development and post-development.

B. Calculations for stormwater detention/retention facility and other system elements.

C. Operation and Maintenance Manual for private stormwater control facilities.

(4) Sedimentation and erosion control measures are required. Refer to the most current edition of The West Virginia Department of Environmental Protection Sedimentation and Erosion Control Manuel for acceptable means and methods.

(i) All development and/or redevelopment projects shall minimize the impact to the water environment by applying structural and/or non-structural management practices selected to address site-specific conditions. The minimum requirement for runoff water quality treatment shall be a reduction of 80% of the average post-development total suspended solids and a reduction of 40% of the average post-development phosphorus load.

(j) No construction shall be performed in a manner that will negatively impact the water environment in the vicinity of construction or in other areas, regardless of whether this impact is manifested by flow restrictions, increased runoff, diminishing channel or floodplain storage capacity, harm to aquatic life or any other manifestation of negative impact.

(k) New construction or reconstruction shall be permitted only after temporary or permanent erosion and sediment control management practices have been placed and are operational to the satisfaction of the Director. The Director may halt construction, void a permit, or take other enforcement actions consistent with this section upon a finding of inadequate erosion and sediment control management practices upon a site or property subject to the provisions of this section.

(l) All active construction sites shall be inspected by the owner no less than weekly and within 24 hours after a 0.25 inch rain event to ensure and verify effective erosion and sediment control.

The owner shall maintain records of these inspections. The Director may halt construction on properties that do not provide satisfactory proof of compliance with this requirement.

(m) The Owner of a completed new development and/or redevelopment construction shall submit to the Director within thirty (30) days of substantial project completion an "as-built" plan of the stormwater management facilities located upon the property/site.

(n) Waivers for Providing Stormwater Management

1. Every applicant shall provide for stormwater management as required by this ordinance unless a waiver of these requirements is granted by the Director. A written request for waiver must be submitted to the Director in a form that he/she prescribes.

2. The Director may not waive the minimum requirements for stormwater management of water quality protection.

3. Any requirements beyond those described in Section 929.20(i) may be waived by the Director, if the Director finds that meeting the minimum on-site stormwater management requirements is not feasible due to the unique natural or existing physical characteristics of a site, or that the property owner would suffer an undue hardship if required to meet the full requirements of this regulation. To be eligible for a waiver, the applicant must also demonstrate to the satisfaction of the Director that the waiver will not result in any of the following impacts to downstream waterways:
   A. Deterioration of existing culverts, bridges, dams, and other structures;
   B. Degradation of biological functions or habitat;
   C. Accelerated stream bank or streambed erosion; or,
   D. Increased threat of flood damage to public health, life and/or property.

4. Where compliance with the full requirements for on-site stormwater management is waived, the applicant shall satisfy stormwater management requirements by accomplishing a mitigation measure approved by the Director. Mitigation measures may include, but are not limited to, the following:

   A. Alternative means for on-site management of stormwater discharges that have been established in a stormwater management plan that has been approved by the Director.

   B. The creation of appropriately designed and constructed stormwater management facility or drainage improvements on other properties, public or private, that currently lack stormwater management facilities. This alternative facility must provide a level of stormwater control that is equal to or greater than that which would be afforded by the waived on-site practices and there must be a legally obligated entity responsible for the long-term operation and maintenance of the off-site practice. The Director shall, to the maximum extent practical, ensure that the benefits arising from the off-site practice shall be realized in the same basin/watershed as the waived management practice.

C. The purchase and donation of privately owned lands to the City or the grant of an easement to the City, to be dedicated to preservation, reforestation, and/or the creation of green space, wetlands, or permanent buffer areas to protect water quality and aquatic habitat.

Any mitigation measure shall provide a level of environmental protection and/or improvement that is, in the sole discretion of the Director, approximately equal to or greater than that which would have been provided by the waived practice.

(o) Fee in Lieu of Stormwater Management Practices.

1. Where the Director waives all or part of the minimum stormwater management requirements, and the applicant does not complete an approved mitigation project, the applicant shall be required to pay a fee in lieu of stormwater management practices, in an amount as determined by the Director. This amount shall be approximately equal to the cost of stormwater management and based on the cubic feet of storage required for stormwater management of the development in question. All of the monetary contributions shall be credited to an appropriate stormwater capital improvements program project, and shall be made by the applicant prior to the issuance of any stormwater permit for the development.

(p) Impervious areas measured for determining the requirements of this section, or for assessing compliance with the requirements of this section, shall be determined using the highest combination of proposed/constructed impervious area plus any additional proposed/actual disturbed area in excess of the proposed/constructed impervious footprint.

(q) Disturbed areas measured for determining the requirements of this section, or for assessing compliance with the requirements of this section, shall include areas for which vegetative cover has been, or will be, altered, reduced, or eliminated and for which a change in runoff characteristics may be reasonably determined.

929.21 Stormwater Design Manual:

(a) The Stormwater Utility may furnish additional policy, criteria and information including specifications and standards, for the proper implementation of the requirements of this article and may provide such information in the form of a Stormwater Design Manual.

(b) This manual will include a list of acceptable stormwater treatment practices, including the specific design criteria for each stormwater practice. The manual may be updated and expanded from time to time, at the discretion of the Stormwater Utility, based on improvements in engineering, science, monitoring and local maintenance experience. Stormwater treatment practices that are designed and constructed in accordance with these design and sizing criteria will be presumed to meet the minimum water quality performance standards.

929.22 Plan Submission and Review Process:

(a) The plan submission and review process shall be coordinated with and integrated into the City planning and permitting process. ~~Following the effective date of this section, no building permit shall be issued without an approved stormwater management plan if required under this article.~~ Persons applying to the City for a grading permit, and/or a building permit that includes work subject to the provisions of this Article, shall submit their request for stormwater Determination to the City simultaneously with the submission of their other City permit application(s). The City shall promptly forward all such requests for stormwater Determination to the Director for review and further action.

(1) Applicants may choose to submit their request for stormwater Determination directly to the Director in advance of their application for a City grading permit and/or building permit, but in such case the applicant shall include a copy of their request for stormwater Determination with their eventual submission to the City, and the City shall forward the copy of the request for stormwater Determination to the Director.

(2) Applicants for projects located outside of the municipal boundaries of the City shall submit their request for stormwater Determination directly to the Director.

(b) Upon receipt of a request for stormwater Determination, the Director shall review same and issue a formal written Determination. The Determination shall state:

(1) whether a stormwater Erosion and Sediment Permit is, or is not, required, and
(2) whether a stormwater Management and Comprehensive Drainage Permit is, or is not, required.

(c) The City shall not issue any grading permit, or any building permit that includes work subject to the provisions of this Article, unless and until the appropriate stormwater permit(s), as identified and required by the Determination, has (have) been approved and issued.

929.23 Maintenance of Stormwater Facilities:

(a) Private stormwater facilities located in private property and within the City watershed shall be maintained by the owner or other responsible party and shall be repaired and/or replaced by such person when such facilities are no longer functioning as designed.

(b) Disposal of waste from maintenance of private facilities shall be conducted in accordance with applicable federal, state and local laws and regulations.

(c) Records of installation and maintenance and repair shall be retained by the owner or other responsible party for a period of five (5) years and shall be made available to the Director upon request.

(d) The Director may perform corrective or maintenance work, which shall be at the owner's expense, upon any failure to maintain facilities or correct problems with facilities after receiving due reasonable notice from the Director.

(c) Routine maintenance of detention/retention facilities shall be conducted by the owner of the facility in accordance with this article and guidance of the Director.

929.24 Inspection:

(a) Stormwater systems within the City watershed shall be inspected by the Director during and after construction to assure consistency with the approved stormwater management plan.

(b) All stormwater systems within the City watershed shall be subject to the authority of the Director to ensure compliance with this article and may be inspected when deemed necessary.

(c) The owner of a private stormwater system, or other responsible party designated by the owner, shall make annual inspections of the facilities, including any detention/retention facility, and maintain records of such inspections for a period of five (5) years.

(d) Whenever necessary to make an inspection to enforce any of the provisions of this article, or whenever the Director has reasonable cause to believe that there exists in any building or upon any premises any condition which may constitute a violation of the provisions of this article, the Director may enter such building or premises at all reasonable times to inspect the same or perform any duty imposed by this article; provided that:

(1) If such building or premises is occupied, he or she first shall present proper credentials and request entry; and

(2) If such building or premises is unoccupied, he or she first shall make a reasonable effort to locate the owner or other persons having charge or control of the building or premises and request entry.

(e) The property owner or occupant has the right to refuse entry but, in the event such entry is refused, the Director is hereby empowered to seek assistance from any court of competent jurisdiction in obtaining such entry and performing such inspection.

(f) Routine or area inspections shall be based upon such reasonable selection processes as may be deemed necessary to carry out the objectives of this Article, including but not limited to, random sampling and/or sampling in areas with evidence of stormwater pollution, illicit discharges, or similar factors.

929.25 Sampling:

With the consent of the owner or occupant or with Court order, the Director may establish on any property such devices as are necessary to conduct sampling or metering operations. During all inspections as provided herein, the Director may take any samples deemed necessary to aid in the pursuit of the inquiry or to record the on-site activities, provided that owners or occupants shall be entitled to split samples.

929.26 Testing and Monitoring:

(a) Whenever the Director determines that any person engaged in any activity and/or owning or operating any facility may cause or contribute to stormwater pollution or illicit discharges to the stormwater system, the Director may, by written notice, order that such person undertake such monitoring activities and/or analyses and furnish such reports as the Director may require. The written notice shall be served either in person or by certified or registered mail, return receipt requested, and shall set forth the basis for such order and shall particularly describe the monitoring activities and/or analyses and reports required. The burden to be borne by the owner or operator, including costs of these activities, analyses and reports, shall bear a reasonable relationship to the need for the monitoring, analyses and reports and the benefits to be obtained. The recipient of such order shall undertake and provide the monitoring, analyses and reports within the time frames set forth in the Order.

(b) Within twenty (20) days of the date of receipt of the order notice, the recipient shall respond personally or in writing advising the Director of the recipients position with respect to the Order's requirements. Thereafter, the recipient shall be given the opportunity to meet with the Director to review the Order's requirements and revise the Order as the Director may deem necessary. Within ten (10) days of such meeting, the Director shall issue a final written order. Final Orders issued pursuant to this Section may be appealed to the Morgantown Utility Board by the filing of a written appeal with the Utility Board within ten (10) days of receipt of the final Order. The appeal notice shall set forth the particular Order requirements or issues being appealed. The Utility Board shall hear the appeal at its earliest practical date and may either affirm, revoke or modify the Order. The decision of the Utility Board shall be final, but may be subject to review by a Court of competent Jurisdiction.

(c) In the event the owner or operator of a facility or property fails to conduct the monitoring and/or analyses and furnish the reports required by the Order in the time frames set forth therein, the Director may cause such monitoring and/or analyses to occur. If a violation is found, the Director may assess all costs incurred, including reasonable administrative costs and attorney's fees, to the owner or operator. The Director may pursue judicial action to enforce the Order and recover all costs incurred.

929.27 Concealment:

Causing, permitting, aiding, abetting or concealing a violation of any provision of this Article shall constitute a violation of such provision.

929.28 Acts Resulting in Violation of Federal Clean Water Act:

Any person who violates any provision of this article, or who discharges waste or wastewater which causes pollution, or who violates any cease and desist order, prohibition, or effluent limitation, also may be in violation of the federal Clean Water Act and may be subject to the sanctions of that Act including civil and criminal penalties.

929.29 Violations Deemed a Public Nuisance:

(a) In addition to the penalties hereinbefore provided, any condition caused or permitted to exist in violation of any of the provisions of this article shall be considered a threat to the public health, safety, welfare and the environment, may be declared and deemed a nuisance by the Director and may be summarily abated and/or restored by the Director and/or civil action taken to abate, enjoin or otherwise compel the cessation of such nuisance.

(b) The cost of such abatement and/or restoration shall be borne by the owner of the property and the cost thereof shall be a lien upon and against the property and such lien shall continue in existence until the same shall be paid.

(c) If any violation of this article constitutes a seasonal and recurrent nuisance, the Director shall so declare. Thereafter such seasonal and recurrent nuisance shall be abated every year without the necessity of any further declaration.

(d) In any administrative or civil proceeding under this article in which the City or its agent prevails, the City or its agent may be awarded all costs of investigation, administrative overhead, out-of-pocket expenses, costs of administrative hearings, costs of suit and reasonable attorneys' fees.

929.30 Administrative Enforcement Powers:

(a) In addition to the other enforcement powers and remedies established by this article, the Director has the authority to utilize the following administrative remedies.

(1) Cease and Desist Orders. When the Director finds that a discharge has taken place or is likely to take place in violation of this article, the Director may issue an order to cease and desist such discharge, or practice, or operation likely to cause such discharge and direct that those persons not complying shall:

A. Comply with the requirement;
B. Comply with a time schedule for compliance, and/or
C. Take appropriate remedial or preventive action to prevent the violation from recurring.

(2) Notice to Clean. Whenever the Director finds any oil, earth dirt, grass, weeds, dead trees, tin cans, rubbish, refuse, waste or any other material of any kind, in or upon the sidewalk abutting or adjoining any parcel of land, or upon any parcel of land or grounds or in close proximity to any open drain or ditch channel, which may result in an increase in pollutants entering the storm drain system or a non-stormwater discharge to the storm drain system, he or she may give notice to the property owner remove and lawfully dispose of such material in any manner that he or she reasonably may provide. The recipient of such notice shall undertake the activities as described in the notice within the time frames set forth therein.

(3) In the event the owner or operator of a facility fails to conduct the activities as described in the notice, the Director may cause such required activities as described in the notice to be performed, and the cost thereof shall be assessed and invoiced to the

owner of the property. If the invoice is not paid within ~~sixty (60)~~ thirty (30) days, a lien shall be placed upon and against the property.

929.31 Nonexclusivity of Remedies:

Remedies under this article are in addition to and do not supersede or limit any and all other remedies, civil or criminal. The remedies provided for herein shall be cumulative and not exclusive.

929.32 Appeal:

Any person, firm, corporation or organization notified of non-compliance with this article or required to perform monitoring, analyses, reporting and/or corrective activities who is aggrieved by the decision of the Director may appeal such decision in writing to the Morgantown Utility Board within ten (10) days following the effective date of the decision. Upon receipt of such request, the Utility Board shall request a report and recommendation from the Director and shall set the matter for administrative hearing at the earliest practical date. At said hearing, the Utility Board may hear additional evidence, and may revoke, affirm or modify the earlier decision. Such decision shall be final, subject to appeal to a Court of competent jurisdiction.

929.33 Disclaimer of Liability:

The degree of protection required by this article is considered reasonable for regulatory purposes. The standards set forth herein are minimum standards and this article does not imply that compliance will ensure that there will be no unauthorized discharge of pollutants into the waters of the State. This article shall not create liability on the part of the City, any agent or employee thereof for any damages that result from reliance on this article or any administrative decision lawfully made thereunder.

This Ordinance shall be effective upon date of adoption.

FIRST READING: November 15, 2011

ADOPTED: December 6, 2011

FILED: December 7, 2011

RECORDED: December 7, 2011

MAYOR

CITY CLERK

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

October 5, 2012

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The City of Morgantown (West Virginia) (the "Issuer") of its $2,330,000 in aggregate principal amount of Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 C Bonds").

The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on January 3, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 6, 2012 (collectively, the "Bond Legislation"), and are subject to all the terms and conditions of the Bond Legislation. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Legislation.

The Series 2012 C Bonds are issued in fully registered form, are dated October 5, 2012, upon original issuance, mature in years and in the amounts, and bear interest payable each April 1 and October 1, commencing April 1, 2013, as follows:

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP No.
CR-1	2015	$280,000	1.500%	61759C AV0
CR-2	2017	$190,000	2.000%	61759C AW8
CR-3	2019	$200,000	2.500%	61759C AX6
CR-4	2022	$325,000	3.000%	61759C AY4
CR-5	2025	$355,000	3.250%	61759C AZ1
CR-6	2027	$255,000	3.500%	61759C BA5
CR-7	2029	$275,000	4.000%	61759C BB3
CR-8	2032	$450,000	4.000%	61759C BC1

The Series 2012 C Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Bond Legislation.

The Series 2012 C Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) funding the Series 2012 C Bonds Reserve Account; and (iii) paying the costs of issuance of the Series 2012 C Bonds.

The Series 2012 C Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated September 26, 2012, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Bond Legislation, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Bond Legislation, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2012 C Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact and adopt the Bond Legislation, enter into the Continuing Disclosure Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 C Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted and adopted the Bond Legislation, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2012 C Bonds to the Purchaser pursuant to the Purchase Agreement. The Bond Legislation is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2012 C Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Bond Legislation, and are entitled to the benefits of the Bond Legislation and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2012 C Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that interest on the Series 2012 C Bonds is taken into account

in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes). The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2012 C Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2012 C Bonds set forth in the Bond Legislation, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2012 C Bonds to be includable in gross income retroactive to the date of issuance of the Series 2012 C Bonds. We express no opinion as to the federal tax consequences of purchasing, holding or disposing of the Series 2012 C Bonds.

5. Under the Act, as presently written and applied, the Series 2012 C Bonds and interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

6. The Series 2012 C Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2012 C Bonds, to register any securities under said Securities Acts.

7. The Series 2012 C Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia DWTRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"); (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia DWTRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia DWTRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued

in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000 (the "Series 2010 F Bonds"); (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); and (15) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"), (collectively the "Prior Bonds"), all in accordance with the terms of the Series 2012 C Bonds and the Bond Legislation.

8. The Issuer has designated the Series 2012 C Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

It is to be understood that the rights of the holders of the Series 2012 C Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2012 C Bonds, the Bond Legislation, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. CR-1 through CR-8 of said issue, and in our opinion, said Series 2012 C Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

October 5, 2012

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

The City of Morgantown
Morgantown, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by The City of Morgantown, West Virginia (the "Issuer") of its $2,330,000 aggregate principal amount of Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 C Bonds"). In our capacity as Bond Counsel, we are delivering an opinion of even date herewith concerning the legality of the Series 2012 C Bonds and the exclusion of interest on the Series 2012 C Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. Words and terms used in this opinion shall have the meanings assigned to them in the Bond Purchase Agreement (the "Purchase Agreement") dated September 26, 2012, between the Issuer and Crews & Associates, Inc. (the "Underwriter"), and approved by the Issuer.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable obligation of the Issuer (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally).

(2) The Issuer, under the Act, has full power and authority to enact the Ordinance, enter into the Undertaking and the Purchase Agreement and perform its obligations thereunder.

(3) The Issuer has duly ratified the distribution of the Official Statement, the Official Statement has been duly approved, signed and delivered by the Issuer, and the Issuer has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2012 C Bonds.

(4) The statements and information contained in the Official Statement under the captions or subcaption "TAX MATTERS," "SECURITY FOR THE BONDS," "THE BONDS" (except for the statements referred to therein under "Appendix F - Book-Entry Only System" with respect to The Depository Trust Company), "FINANCING PLAN," "PRIOR DEBT SERVICE RESERVE ACCOUNTS," "APPENDIX D – FORM OF BOND COUNSEL OPINION" and "APPENDIX E – THE ORDINANCE AS SUPPLEMENTED AND AMENDED," (except for financial or statistical data therein as to which no opinion is hereby expressed) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

(5) The Series 2012 C Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

09.27.12
627490.00044

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

October 5, 2012

Crews & Associates, Inc.
521 President Clinton Ave., Suite 800
Little Rock, AR 72201

Re: $2,330,000 City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by the City of Morgantown (the "Issuer") of its Combined Utility System Revenue Bonds, Series 2012 C (the "Series 2012 Bonds") in the aggregate principal amount of $2,330,000. In connection with rendering this opinion, we have examined the Official Statement dated September 26, 2012, the Bond Purchase Agreement dated September 26, 2012 (the "Purchase Agreement"), the Continuing Disclosure Agreement between the Issuer and United Bank, Inc., as Disclosure Agent, dated as of the Closing Date (the "Undertaking"), and Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing, we are of the opinion that:

(a) The Purchase Agreement has been duly authorized, executed and delivered on behalf of the Underwriter and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement in accordance with its terms) constitutes a binding agreement in accordance with its terms of the Underwriter; and

(b) The Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule.

Based upon the information made available to us in the course of our participation in the preparation of the Official Statement and without having to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the Issuer, counsel for the Issuer, Bond Counsel and the Underwriter, nothing has come to our attention that

would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in its transcript of closing documents pertaining to the delivery of the Series 2012 Bonds.

Very truly yours,

Jack Kelly PLLC

Legal Department

The City of Morgantown

389 SPRUCE STREET
MORGANTOWN, WEST VIRGINIA 26505
FAX: (304) 225-3590

Stephen R. Fanok
City Attorney
(304) 284-7477

Brent O. Burton
Assistant City Attorney
(304) 284-7479

[OPINION OF COUNSEL TO ISSUER]

October 5, 2012

The City of Morgantown (West Virginia)
$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

The City of Morgantown
Morgantown, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I have acted as counsel for The City of Morgantown (the "Issuer") and have acted as such in connection with the sale of the above-referenced Bonds (the "Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of September 26, 2012 (the "Purchase Agreement"), between Crews & Associates, Inc., (the "Underwriter") and the Issuer. Any capitalized term used herein and not defined shall have the meaning assigned to it in the Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), the Ordinance of the Issuer relating to the Bonds enacted on January 3, 2012, as supplemented by a Supplemental Resolution adopted March 6, 2012 (collectively, the "Bond Legislation"), the Continuing Disclosure Agreement (the "Undertaking"), the Purchase Agreement, the Preliminary Official Statement dated September 21, 2012, the Official Statement dated September 26, 2012, with respect to the issuance and offering of the Bonds (collectively, the "Official Statement"), and a closing certificate of the Issuer. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Issuer is a municipal corporation and political subdivision of the State of West Virginia. The Issuer is authorized by the laws of the State of West Virginia, as provided by the Act,

to enter into and perform its obligations under the Bond Legislation, the Undertaking, and the Purchase Agreement.

2. The Issuer has full power and authority to consummate all transactions contemplated by the Bonds, the Purchase Agreement, the Undertaking and any and all other agreements relating thereto, to which the Issuer is a party.

3. The Issuer has duly authorized all action necessary to be taken by it or on its behalf for (i) the acquisition and construction of the Project; (ii) the execution and delivery of the Undertaking and the Purchase Agreement; (iii) the approval of the distribution of the Official Statement; (iv) the ratification of the actions of the Issuer and the issuance and delivery of the Bonds upon the terms set forth in the Bond Legislation; and (v) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Undertaking and the Purchase Agreement have been duly and validly authorized, executed and delivered by the Issuer and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Bond Legislation has been duly adopted at meetings of the governing body (Board) of the Issuer which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the enactment of the Bond Legislation and the Bond Legislation is the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

6. The execution and delivery by the Issuer of the Undertaking and the Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of any provision of, or in default under, the West Virginia statutes organizing and governing the Issuer or, to the best of my knowledge after diligent inquiry and review of the Issuer's records, any agreement or other instrument to which the Issuer is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the Issuer have been taken, and no additional approval, authorization, consent or other order of the Issuer or any public board or body is legally required to allow the Issuer to enter into and perform its obligations under the Purchase Agreement or as described in the Official Statement.

8. The Issuer is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Issuer.

9. All approvals, consents, authorizations, Bond Legislation and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute conditions precedent to, or the absence of which would materially adversely affect, the due performance by the Issuer of its obligations under the Bond Legislation, the Bonds or the Purchase Agreement, have been duly obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds, as to which no opinion is hereby expressed.

10. The Bond Legislation creates a legally valid and binding pledge of, and lien and charge upon, the security, for payment of the principal of, premium, if any, and interest on the Bonds as the same become due and for the other purposes provided in the Bond Legislation, subject only to the provisions of the Bond Legislation permitting application thereof on the terms and conditions set forth in the Bond Legislation.

11. The City has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Bonds.

12. No litigation is pending, or to my knowledge, threatened in any court in any way affecting the existence of the City or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the City pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or the Purchase Agreement, or contesting the powers of the State with respect to the Bonds, the Ordinance or the Purchase Agreement or any transaction described in or contemplated by the Official Statement.

13. The Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the City of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the City, in light of the circumstances under which they were made, not misleading.

14. The statements contained in the Official Statement under the captions "The Series 2012 C Bonds," "Security for the Series 2012 C Bonds," "The City," "Prior Debt Service Reserve Accounts," "Litigation," "Financing Plan," "Appendix A – The City of Morgantown and Monongalia County" and "Appendix B – The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and relating to the City and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein.

I hereby consent to the references made by me in the Official Statement.

Very truly yours,

Stephen R Tarok

627490.00044

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

October 5, 2012

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

Morgantown Utility Board
Morgantown, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as counsel to the Morgantown Utility Board, Morgantown, West Virginia (the "Utility Board") in connection with the issuance and sale by The City of Morgantown (the "City") of the above-referenced Bonds (the "Series 2012 C Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of September 26, 2012 (the "Purchase Agreement") between Crews & Associates, Inc. (the "Underwriter") and the City. Any capitalized term used herein and not defined herein shall have the meaning assigned to it in the Purchase Agreement.

In this connection, we have reviewed and examined certain proceedings and documents with respect to the Series 2012 C Bonds, any such records, certificates and other documents as we have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, including Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), the Ordinance of the City relating to the Series 2012 C Bonds enacted on January 3, 2012, as supplemented by a supplemental resolution adopted by the Council of the City on March 6, 2012 (collectively, the "Bond Legislation"), and the Official Statement dated September 26, 2012, with respect to the issuance and offering of the Series 2012 C Bonds (the "Official Statement"), and certifications of the Utility Board. Based on such review and such other considerations of law and fact as we believe to be relevant, we are of the opinion that:

1. The Utility Board has been duly created by the Issuer and is validly existing and the members of the 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 Utility Board in their respective capacities.

2. To the best of our knowledge following due inquiry, there is no litigation pending or threatened against the Utility Board, in any court, which in any way affects the existence of the Utility Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the City or the Utility Board pledged or to be pledged to pay the principal of and interest on the Series 2012 C Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2012 C Bonds, the Bond Legislation or contesting the powers of the State of West Virginia with respect to the Series 2012 C Bonds, the Bond Legislation or any transaction described in or contemplated by the Official Statement.

3. The Official Statement, as amended or supplemented to the date hereof, contains no untrue statement regarding the Utility Board of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Utility Board, in light of the circumstances under which they were made, not misleading.

4. The statements contained in the Official Statement under the captions "Financing Plan," "The Morgantown Utility Board," "Litigation" and "Appendix B – The System," insofar as such statements contained under such captions relating to the Utility Board or purport to summarize certain matters set forth therein and certain provisions of the Bond Legislation, except for financial or statistical data therein or matters relating to the book entry system maintained by the Depository Trust Company as to which no opinion is hereby expressed, are accurate and present a fair summary of the matters referred to therein.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

627490.00044

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. AWARD OF SERIES 2012 C BONDS; SIGNATURES
5. DELIVERY AND PAYMENT
6. CERTIFICATION OF DOCUMENTS
7. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
8. MEETINGS, ETC.
9. INCUMBENCY AND OFFICIAL NAME
10. RATES
11. OFFICIAL STATEMENT CERTIFICATION
12. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(iv) AND SECTION 6(c)(viii)
13. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
14. PRIVATE USE OF FACILITIES
15. NO FEDERAL GUARANTY
16. IRS INFORMATION RETURN
17. SPECIMEN SERIES 2012 C BONDS
18. RELIANCE OF BOND COUNSEL
19. USE OF SERIES 2012 C BOND PROCEEDS
20. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CLERK of The City of Morgantown, West Virginia (the "Issuer") hereby certify, on this the 5th day of October, 2012, in connection with the $2,330,000 aggregate principal amount of The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (the "Series 2012 C Bonds"), dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance of the Issuer duly enacted January 3, 2012, as supplemented by a Supplemental Resolution duly adopted March 6, 2012 (collectively, the "Bond Legislation"), and the Bond Purchase Agreement dated September 26, 2012 (the "Bond Purchase Agreement"), by and between the Issuer and the Underwriter.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Bonds, or the collection of the Gross Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the

issuance and sale of the Bonds, nor in any manner affecting the validity or enforceability of the Bonds, the Bond Legislation, the Undertaking or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Mayor, Clerk and the members of the City Council of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Bonds which are not set forth in the Official Statement relating to the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for acquisition and construction of the Project, operation of the System and issuance of the Bonds have been obtained, or will be obtained prior to construction, and, to the extent such approvals and certificates have been obtained as of the date hereof, remain in full force and effect. Competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended.

4. AWARD OF THE BONDS; SIGNATURES: The Bonds were awarded to Crews & Associates, Inc. (the "Underwriter") pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, with the $2,282,954 aggregate principal amount of The City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (representing par value of $2,330,000 less an Underwriter's discount of $34,950 and less a net original issue discount of $12,096). There is no accrued interest on the Bonds.

As of the date hereof, the Bonds were duly signed by the manual signature of the Mayor of the Issuer, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon and attested by the manual signature of the Clerk of the Issuer.

5. DELIVERY AND PAYMENT: The undersigned Mayor did, on the date hereof, deliver to the Underwriter, the entire issue of the Series 2012 C Bonds in various denominations and numbered R-1 to R-8, inclusive. At the time of delivery of the Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Series 2012 C Bonds	
Par Amount	$2,330,000.00
Less: Original Issue Discount	(12,096.00)
Less: Deposit to Series 2012 C Reserve Fund	(166,062.50)
Less: Underwriters Discount	(34,950.00)
Less: Costs of Issuance and Rounding	(66,891.50)
Total	$2,050,000.00

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

Bond Ordinance

Supplemental Resolution

City Charter

Oaths of Office of Officers and Councilmembers

Resolution on Open Governmental Proceedings Rules

Water Rate Ordinance

Sewer Rate Ordinance

Stormwater Rate Ordinance

Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Resolution

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

Official Statement

Bond Purchase Agreement

Continuing Disclosure Agreement

Consent of West Virginia Water Development Authority

7. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System of the Issuer since September 26, 2012. There are outstanding obligations of the Issuer which will rank on a parity with the Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia DWTRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"); (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia DWTRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia DWTRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (7) Combined

Utility System Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000 (the "Series 2010 F Bonds"); (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); and (15) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"), (collectively, the "Prior Bonds"). The Issuer is current on all Prior Bonds' payments and is in compliance with all covenants and requirements of the Prior Ordinance.

The Series 2012 C Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge, source of and security for payment and in all other respects. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, (ii) the written consent of the registered owners of the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds and Series 2012 B Bonds to the issuance of the Series 2012 C Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the Issuer which are secured by revenues or assets of the System.

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, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. 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 is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, Clerk and six (6) councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Jim Manilla, Mayor	07/01/2011	06/30/2013
Wes Nugent	07/01/2011	06/30/2013
Marti Shamberger	07/01/2011	06/30/2013
Linda Herbst	07/01/2011	06/30/2013
Jennifer Selin	07/01/2011	06/30/2013
William Byrne	07/01/2011	06/30/2013
Ron Bane	07/01/2011	06/30/2013

The duly appointed City Clerk is Linda Little and the duly appointed Counsel to the Issuer is Steve Fanok.

10. RATES: The Issuer has duly enacted a sewer rate ordinance on June 21, 2011, a water rate ordinance enacted June 21, 2011 and a stormwater rate ordinance enacted on April 17, 2008, setting rates and charges of the System, which rates are currently in full force and effect.

11. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

12. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(vii) AND SECTION 6(c)(x): In addition to the foregoing, the undersigned hereby certify, as of the date hereof, that: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained in the Bond Purchase Agreement are true as of the Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Bond Legislation, the Undertaking, and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to our knowledge no litigation is pending, or to our knowledge threatened, to restrain or enjoin the collection of the Gross Revenues, the pledge of the Gross Revenues, the issuance or sale of the Bonds or in any

way affecting any authority for or the validity of the Bonds or the Bond Legislation, (iv) the execution, delivery, receipt and due performance of the Bonds, the Bond Legislation, the Undertaking and the other agreements contemplated by the Bond Purchase Agreement and by the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is or may be bound, (v) the Issuer is in compliance with all covenants in its outstanding ordinances which authorized bonds secured by the Gross Revenues of the System; and (vi) the Issuer is obligated by the Undertaking established in the Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5).

13. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of United Bank, Inc., Charleston, West Virginia, as Registrar and Depository Bank, and the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent.

14. 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 of or interest 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 other than a governmental unit, 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.

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

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G for the

Bonds and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Ogden, Utah. The information set forth in such Form 8038-G is true, correct and complete in all respects.

17. SPECIMEN SERIES 2012 C BONDS: Delivered concurrently herewith are true and accurate specimen of the Series 2012 C Bonds.

18. RELIANCE OF BOND COUNSEL: The undersigned acknowledge that it is intended that interest on the Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that, in rendering said opinions, said firm is relying, among other things, upon the statements made herein. Said firm is entitled to rely upon such statements.

19. USE OF BOND PROCEEDS: The proceeds of the Bonds will be used to pay a portion of the costs of acquisition and construction of the Project, fund a reserve account for the Series 2012 C Bonds, and to pay costs of issuance of the Bonds and other costs in connection with the issuance of the Bonds.

20. EXECUTION OF COUNTERPARTS: This Certificate may be executed in counterparts, and all counterparts shall be deemed to be the Certificate.

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official corporate seal of THE CITY OF MORGANTOWN on the day and year first written above.

[CORPORATE SEAL]

Signature	Official Title
	Mayor
	Clerk

627490.00044

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned, Mayor of The City of Morgantown (the "Issuer"), on this 5th day of October, 2012, being the official of the Issuer duly charged with the responsibility for the issuance of the $2,330,000 Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 C Bonds"), dated October 5, 2012, hereby certifies as follows, (all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance enacted by the Issuer on January 3, 2012, as supplemented by Supplemental Resolution adopted by the Issuer on March 6, 2012 (collectively, the "Bond Legislation"), pursuant to which the Series 2012 C Bonds are issued):

A. DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the meaning set forth in the Bond Legislation.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"**Bond Act**" means Article 20 of Chapter 8 of the Code of West Virginia of 1931, as amended.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with the respect to the issuance of the Bonds and the exclusion of interest on the Bonds from gross income for the purposes of federal income taxation.

"**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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all rulings and regulations promulgated thereunder.

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" means $1,000.00. Only one Computation Date Credit for each Computation Date is permitted for the Bonds.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriters' spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which a substantial number of Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Bonds;

(f) accountant fees related to issuance of the Bonds;

(g) printing costs (for the Bonds and of preliminary and final offering materials); and

(h) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"**Date of Issue**" means October 5, 2012.

"**Discharged**" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Fair Market Value**" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bids from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) Safe Harbor for Establishing Fair Market Value for Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"**Final Computation Date**" means the date on which the last Bond is Discharged.

"**Future Value**" means the amount determined by using the following formula:

$FV = PV(1+i)^n$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Bonds within the meaning of the Regulations.

"**Installment Computation Date**" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"**Investment**" means any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $2,317,904 being the Issue Price of the Series 2012 C Bonds.

The Issue Price is the initial offering price to the public at which price a substantial amount of the Bonds is sold. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a

different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Bonds may not exceed their fair market value as of the sale date.

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those Sale Proceeds invested in a reasonably required reserve or replacement fund under Section 148(d) of the Code and as part of a minor portion under Section 148(e) of the Code.

"**Nonpurpose Investment**" means any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" means a payment as defined in Section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a payment as defined in Section 1.148-5(b) of the Regulations for purposes of computing the Yield on an Investment.

"**Present Value**" means the amount determined by using the following formula:

$$PV = \frac{FV(1+i)^n}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means any Sale Proceeds and Investment Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under Section 1.148-2(d) of the Regulations or Section 143(g) of the Code or to qualified administrative cost recoverable under Section 1.148-5(e).

"**Rebate Amount**" means, in respect of the Series 2012 C Bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2012 C Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with section E(3) hereof to determine the Rebate Amounts.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in Section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in Section 1.148-5(b) of the Regulations for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Series 2012 C Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under Section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2012 C Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of Section 103 of the Code and Section 1.150-1 of the Regulations that is not investment property within the meaning of Section 148(b)(3) of the Code.

"**Underwriter**" means Crews & Associates, Inc., Charleston, West Virginia.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Series 2012 C Bonds under Section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Series 2012 C Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under Section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Series 2012 C Bonds thereunder must be determined under Section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each Bond Year constitutes a Valuation Date.

"**Value of a Bond**" means the value of a bond determined under Section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

(a) In the case of a plain par bond (within the meaning of Section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond

actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and

(b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under Section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of Section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of Section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under Section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. I am an officer of the Issuer charged with the responsibility of issuing the Series 2012 C Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the Internal Revenue Service because a certification made by it contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on October 5, 2012, the date on which the Series 2012 C Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Bond Legislation 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 2012 C Bonds which would cause the Series 2012 C 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 2012 C Bonds) so that the interest on the Series 2012 C 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.

6. The Series 2012 C Bonds were sold on October 5, 2012, to the Underwriter for a purchase price of $2,282,954 (par amount of $2,330,000, less original issue discount of $12,096 and less underwriter's discount of $34,950).

7. The Series 2012 C Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the following purpose: (i) to finance the costs of acquisition and construction of certain additions, betterments and improvements to the existing stormwater portion of the combined utility system of the Issuer; (ii) to fund the Series 2012 C Bonds Reserve Account; and (iii) to pay certain costs of issuance and related costs.

8. The sources of proceeds of the Series 2012 C Bonds is as follows:

SOURCES	
Series 2012 C Bonds	$2,330,000.00
Original Issue Discount	(12,096.00)
Total	$2,317,904.00

9. The proceeds of sale of the Bonds will be applied as follows:

USES	
Acquisition and Construction of Project	$2,050,000.00
Funding the Series 2012 C Bonds Reserve Account	$166,062.50
Underwriter's Discount	$34,950.00
Deposit to Series 2012 C Bonds Cost of Issuance for Fund[1]	$66,891.50
Total	$2,317,904.00

(1) Includes bond counsel fee, underwriters counsel fees, printing fees, registrar fee and rounding amount.

10. The Underwriter has stated, in its certificate, a copy of which is attached as EXHIBIT A - UNDERWRITER'S CERTIFICATE hereto (the "Underwriter's Certificate") that the Series 2012 C Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Series 2012 C Bonds.

11. The yield on the Series 2012 C Bonds, as so computed, has been determined to be 3.3526331% (the "Bond Yield"), based on a "purchase price" equal to the Issue Price for the Series 2012 C Bonds.

C. THE SERIES 2012 C BONDS

1. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2012 C Bonds are detailed in the Series 2012 C Bonds.

2. [Reserved]

3. A Sinking Fund for the Series 2012 C Bonds is created under the Bond Legislation. Monies deposited in the Series 2012 C Sinking Fund, including subsequent deposits thereto,

will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Series 2012 C Bonds. The Series 2012 C Bonds all bear interest at a fixed interest rate and the average maturity of the Series 2012 C Bonds is in excess of 5 years. The Series 2012 C Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2012 C Bonds within each Bond Year. All monies held in the Series 2012 C Sinking Fund will be used to pay debt service on the Series 2012 C Bonds. The Series 2012 C Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Series 2012 C Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

4. A Reserve Account is created under the Bond Legislation for the Series 2012 C Bonds in an aggregate amount equal to the lesser of (i) 10% of the original principal amount of the Series 2012 C Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2012 C Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2012 C Bonds (the "Reserve Account Requirement"). The monies in the Reserve Account will be invested without restriction as to yield. All earnings on amounts deposited in the Reserve Accounts will, to the extent the yield thereon exceeds the yield on the Series 2012 C Bonds, be subject to rebate.

5. A Renewal and Replacement Fund is created, or continued, under the Bond Legislation, to be funded through monthly deposits of Revenues in an amount equal to 2 1/2% of the Gross Revenues of the System. Absent an Event of Default on the Series 2012 C Bonds, and depletion in full of the Reserve Account, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Series 2012 C Bonds. Such monies will be invested without restriction as to yield and are not subject to rebate.

6. A Redemption Account for the Series 2012 C Bonds is created under the Bond Legislation. In the event monies are deposited into the Redemption Account, to the extent they are not part of a Bona Fide Debt Service Fund, they will, to the extent the yield thereon exceeds the yield on the Series 2012 C Bonds, be subject to rebate. Otherwise, they will be invested without restriction as to yield and are not subject to rebate.

7. A Costs of Issuance Fund is created under the Bond Legislation to be funded from proceeds of the Series 2012 C Bonds in the amount of $66,891.50, to pay costs of issuance of the Series 2012 C Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

8. A Construction Fund is created under the Bond Legislation to be funded only from remaining proceeds of the Series 2012 C Bonds to pay costs of the Project. All such amounts shall be fully expended within 3 years from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate. Work with respect to the acquisition and construction of the Project will commence shortly and will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 3 years. All proceeds of the Series 2012 C Bonds designated for the Project will be expended within 3 years from the date of issuance thereof. The Project will be operated solely for a public purpose as a local governmental activity of the Issuer. The Issuer expects no part of the Project financed by proceeds of the Series 2012 C Bonds will be sold or otherwise disposed of prior to the last maturity date of the Series 2012 C Bonds. None of the proceeds of the Series 2012 C Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

Except for the proceeds of the Series 2012 C Bonds designated for the Project, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Series 2012 C Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Series 2012 C Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Series 2012 C Bonds or to the governmental purpose of the Series 2012 C Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Series 2012 C Bonds were not used or to be used for that governmental purpose.

9. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2012 C Bonds or which are pledged as collateral to secure repayment of Debt Service on the Series 2012 C Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2012 C Bonds.

10. Accrued interest, if any, with respect to the Series 2012 C Bonds in an amount less than 6 month's interest on the Series 2012 C Bonds may be applied within one year from the date hereof toward the payment of interest first due on the Series 2012 C Bonds, as detailed in the Schedules. Pending such disbursement, such monies, if any, will be invested without restriction as to yield.

D. REBATE OF EXCESS ARBITRAGE

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Sections C hereof, all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Bond Legislation, the Issuer has created the Rebate Fund to be held by the Depository Bank. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Monies so deposited shall be derived from the Issuer's own funds.

(c) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Reserve Accounts, and (ii) any other monies held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall

compute the Yield on the Series 2012 C Bonds as required by the Code and Regulations. If any of the Series 2012 C Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2012 C Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Series 2012 C Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2012 C Bonds, any unrealized gains or losses as of the date of retirement of the Series 2012 C Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2012 C Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap. In general, the Universal Cap represents the maximum value of Nonpurpose Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2012 C Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed $100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2012 C Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2012 C Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States. (a) Installment Computation Dates. Unless the Series 2012 C Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous

rebate payments made with respect to the Series 2012 C Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2012 C Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2012 C Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Series 2012 C Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Internal Revenue Service Center, Ogden, Utah 84201-0027. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2012 C Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Series 2012 C Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2012 C Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2012 C Bonds.

E. MISCELLANEOUS

1. The Series 2012 C Bonds is considered a single issue pursuant to Section 1.150-1(c) of the Regulation.

2. The amount designated as "Cost of Issuance" of the Series 2012 C Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2012 C Bonds.

3. The Issuer shall, on the date hereof or immediately hereafter, 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.

4. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 24 months.

5. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The Form 8038-G attached hereto as EXHIBIT B - FORM 8038-G is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel. The Issuer agrees to monitor compliance with the requirements for maintaining tax exemption of the interest on the Series 2012 C Bonds and monitor the requirements of Section 148 of the Code in accordance with EXHIBIT C – TAX COMPLIANCE POLICIES attached hereto.

6. None of the proceeds of the Series 2012 C Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

7. The original proceeds of the Series 2012 C Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

8. The Issuer shall use the proceeds of the Series 2012 C Bonds solely to pay the costs of acquisition and construction of the Project; fund the Series 2012 C Bonds Reserve Account; and to pay costs of issuance and related costs.

9. The Issuer shall not permit at any time or times any of the proceeds of the Series 2012 C Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2012 C Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2012 C Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

10. The Series 2012 C 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.

11. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2012 C Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2012 C Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

12. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Series 2012 C Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2012 C Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

13. No portion of the proceeds of the Series 2012 C Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2012 C Bonds.

14. In connection with the Series 2012 C Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2012 C Bonds or any contract securing the Series 2012 C Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Series 2012 C Bonds.

15. The Series 2012 C Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

16. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2012 C Bonds or which will be paid directly or indirectly from proceeds of the sale of the Series 2012 C Bonds.

17. The issuance of the Series 2012 C Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

18. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012 C Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

19. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2012 C Bonds from gross income for federal income tax purposes.

20. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Series 2012 C 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 2012 C Bonds from the gross income of the holders thereof.

21. The Issuer shall comply with all yield restrictions on Series 2012 C Bond proceeds as set forth in the Code.

22. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 2012 C Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 C 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 the Bond Legislation.

23. The Series 2012 C Bonds are a fixed yield issue. No interest or other amount payable on any of the Series 2012 C Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

24. Under Section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Mayor of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in Section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2012 C Bonds.

25. Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2012 C Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2012 C Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code.

26. 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.

27. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2012 C Bonds.

28. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2012 C Bonds from gross income of the recipients thereof for federal income tax purposes.

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

WITNESS my signature the day and year first written above.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

627490.00044

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 23]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 34]

EXHIBIT C

Tax Compliance Policies

TAX COMPLIANCE POLICIES

The City of Morgantown

Purpose

Issuers of tax-exempt bonds must comply with federal tax rules pertaining to expenditure of proceeds for qualified costs, rate of expenditure, use of bond financed property, investment of proceeds in compliance with arbitrage rules, and retention of records. The following policies are intended to establish compliance by The City of Morgantown (the *"Issuer"*) with these rules in connection with the issuance of the Issuer's Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "*Tax-Exempt Bonds*").

Tax Requirements Associated with Sale and Issuance of Bonds

Review and retention of tax documents related to the sale and issuance of Bonds will be supervised by the Mayor of the Issuer or his/her designee (the "*Oversight Officer*").

- Form 8038-G (tax exempt bonds) will be reviewed and filed not later than the 15th day of the 2nd calendar month following the quarter in which the bonds were issued. Filing of appropriate version or versions of Form 8038-G will be confirmed with bond counsel.

Expenditure of Proceeds for Qualified Costs

Expenditure of bond proceeds will be reviewed by the Oversight Officer.

- Bond proceeds will be disbursed pursuant to an approved form of requisition stating the date, amount and purpose of the disbursement.

- Requisitions must identify the financed property and certify as to the character and average economic life of the bond-financed property.

- Requisitions for costs that were paid prior to the issuance of the bonds are, in general, limited to costs paid subsequent to, or not more than 60 days prior to, the date a "declaration of intent" to reimburse the costs was adopted by the Issuer. If proceeds are used for reimbursement, a copy of the declaration will be obtained and included in the records for the Tax-Exempt Bonds, if not already part of the bond transcript.

- Requisitions will be summarized in a "final allocation" of proceeds to uses not later than 18 months after the in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance of the Tax-Exempt Bonds).

- Expenditure of proceeds will be monitored against the expectations to spend or commit 5% of net sale proceeds within 6 months, to spend 85% of net sale proceeds within 3 years, and to proceed with due diligence to complete the project and fully spend the net sale proceeds. Expected expenditure schedules, project timelines, and plans and specifications will be maintained to support expectations. Reasons for failure to meet the expected schedule will be documented and retained in the records for the Tax-Exempt Bonds.

- If the 18-month spending exception to rebate applies, expenditure of gross proceeds will be monitored against the following schedule for the arbitrage rebate exception for the issue, if applicable:

  15% within 6 months
  60% within 12 months
  100% within 18 months

- If the 2-year spending exception to rebate applies, expenditure of "available proceeds" will be monitored against the following schedule for the arbitrage rebate exception for construction issues if applicable:

  10% within 6 months
  45% within 12 months
  75% within 18 months
  100% within 24 months

Expenditure of Proceeds

In addition to the general review of expenditures described above, expenditure of proceeds of the Tax-Exempt Bonds will be reviewed by the Oversight Officer.

- Only a small portion (5%) of the proceeds of Tax-Exempt Bonds can be used for operating expenses or other "working capital" costs. Requisitions for costs of the Project will accordingly be monitored to confirm that they are for capital costs of the Project.

- Investment earnings on sale proceeds of the Tax-Exempt Bonds will be tracked and will be requisitioned only for appropriate expenditures.

Use of Bond-Financed Property

Use of bond-financed property when completed and placed in service will be reviewed by the Oversight Officer.

- Average nonexempt use of bond-financed property over the life of the issue cannot exceed 10% of the proceeds.

- Agreements with business users or non-profit organizations for lease or management or services contracts, sponsored research, naming rights or any other potential nonexempt use of bond-financed property will be reviewed prior to execution of any contract to determine if property is bond-financed.

- Agreements with business users or other non-profit organizations for lease or management or services contracts or other private business use involving bond-financed property will be tracked and aggregated with other private business uses for compliance with the 10% limit.

- No item of bond-financed property will be sold or transferred to a nonexempt party without advance arrangement of a "remedial action" under the applicable Income Tax Regulations.

Investments and IRS Filings

Investment of bond proceeds in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Oversight Officer.

- Guaranteed investment contracts ("*GIC*") will be purchased only using the three-bid "safe harbor" of applicable Income Tax Regulations, in compliance with fee limitations on GIC brokers in the Income Tax Regulations.

- Other investments will be purchased only in market transactions.

- Calculations of rebate liability will be performed annually by outside consultants.

- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.

- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

Records

Management and retention of records related to tax-exempt bond issues will be supervised by the Oversight Officer.

- Records will be retained for the life of the bonds plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.

- Retainable records pertaining to the Tax-Exempt Bonds include transcript of documents executed in connection with the issuance of the bonds (including authorizing resolutions, and Form 8038-G) and any amendments, and copies of rebate calculations and records of payments, including Forms 8038-T.

- Retainable records pertaining to expenditures of bond proceeds include requisitions, trustee statements and final allocation of proceeds.

- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use.

- Retainable records pertaining to investments include GIC documents under the Income Tax Regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Oversight Officer.

THE CITY OF MORGANTOWN

By:
Title:

Date: October 5, 2012

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

REGISTRAR'S CERTIFICATE

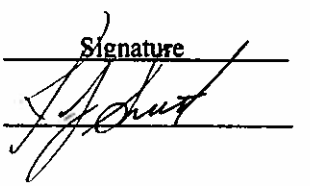
United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Bond Ordinance of The City of Morgantown (the "Issuer") enacted on January 3, 2012, as supplemented by Supplemental Resolution adopted by the Issuer on March 6, 2012 (collectively, the "Bond Legislation"):

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

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

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

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

Name	Title	Signature
Kathy Smith	Vice President	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Bond Ordinance; the Bonds have been duly authenticated and registered to CEDE & CO. and delivered to The Depository Trust Company, New York, New York ("DTC"), and proceeds of the Bonds have been deposited as required by the Bond Legislation.

6. Attached hereto as EXHIBIT A is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

[Remainder of Page Intentionally Blank]

WITNESS my signature on this 5th day of October, 2012.

United Bank, Inc.

By: _____
Its: Authorized Officer

627490.00044

EXHIBIT A

SERIES 2012 C BOND TERMS

THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 C
(BANK QUALIFIED)

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (October 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.
CR-1	2015	$280,000	1.500%	1.500%	61759C AV0
CR-2	2017	$190,000	2.000%	2.000%	61759C AW8
CR-3	2019	$200,000	2.500%	2.500%	61759C AX6
CR-4	2022	$325,000	3.000%	3.000%	61759C AY4
CR-5	2025	$355,000	3.250%	3.250%	61759C AZ1
CR-6	2027	$255,000	3.500%	3.500%	61759C BA5
CR-7	2029	$275,000	4.000%	4.000%	61759C BB3
CR-8	2032	$450,000	4.000%	4.200%	61759C BC1

THE CITY OF MORGANTOWN

$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

UNDERWRITER'S CERTIFICATE

The undersigned Gregory B. Isaacs, Senior Managing Director of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies this 5th day of October, 2012, that:

(a) At least 10% of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated September 26, 2012, by and between The City of Morgantown (the "Issuer") and the Underwriter, at prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated September 26, 2012, relating to the Bonds. We have made a bona fide public offering of all Bonds at the public offering price.

(b) At least 10% of each maturity of the Bonds were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Official Statement. At the time we agreed to purchase the Bonds based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement.

(c) The level of funding of the Series 2012 C Bonds Reserve Account established by the Ordinance authorizing issuance of the Series 2012 C Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Series 2012 C Bonds at the interest rates and with the maturities established for the Series 2012 C Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Series 2012 C Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Series 2012 C Bonds Reserve Account is equal to the lesser of (i) 10% of the original stated principal amount of the Series 2012 C Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2012 C Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2012 C Bonds.

(d) The weighted average maturity of the Series 2012 C Bonds is 4.588 years.

(e) The yield on the Series 2012 C Bonds is 3.3526331%.

(f) The net interest cost on the Series 2012 C Bonds is 3.3659868%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Non-Arbitrage Certificate and IRS Form 8038-G relating to the Series 2012 C Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Series 2012 C Bonds.

[Remainder of Page Intentionally Left Blank]

Dated the day and year first written above.

CREWS & ASSOCIATES, INC.

By: _____
Its: Senior Managing Director

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

October 5, 2012

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance enacted by The City of Morgantown (the "Issuer") on June 21, 2011, the water rate ordinance enacted June 21, 2011, and the stormwater rate ordinance enacted on December 6, 2011, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks, sewerage and stormwater system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's:

(1) Combined Utility 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 Utility 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 Utility 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");

(4) Combined Utility 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");

(5) Combined Utility 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");

(6) Combined Utility 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 "Series 2006 A Bonds");

(7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds");

(8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds");

(9) (Forgivable) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds");

(10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds");

(11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds");

(12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds");

(13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds");

(14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); and

(15) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"), (collectively, the "Prior Bonds").

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Perry & Associates CPA's A.C.

PERRY & ASSOCIATES

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

CERTIFICATE OF ENGINEER

I, Douglas R. Smith, Assistant General Manager/Chief Engineer, Registered Professional Engineer, West Virginia License No. 11841, of Morgantown Utility Board, in Morgantown, West Virginia, hereby certify this 5th day of October, 2012, as follows:

1. I am chief engineer for Morgantown Utility Board responsible for the acquisition and construction of certain extensions, additions, betterments and improvements (the "Project") to the stormwater portion of the existing combined public waterworks, sewerage and stormwater system (the "System") of The City of Morgantown (the "Issuer") to be constructed in Monongalia County, West Virginia, which acquisition and construction are being permanently financed, in part, by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on January 3, 2012, as supplemented, by Supplemental Resolution duly adopted by the Issuer on March 6, 2012.

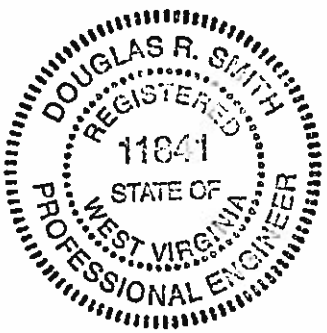
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) funding the Series 2012 C Bonds Reserve Account; and (iii) paying certain costs of issuance of the Bonds and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by the Morgantown Utility Board and approved by all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 20 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B, attached hereto as Exhibit A.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.

(SEAL)



MORGANTOWN UTILITY BOARD

Douglas R. Smith, P.E.
West Virginia License No. 11841

09.26.12
627490.00044

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2012

NEW ISSUE-FULL BOOK ENTRY

BANK QUALIFIED

In the opinion of Steptoe & Johnson, PLLC, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012 C Bonds is excluded from gross income for Federal income tax purposes pursuant to the Code, and (ii) such interest is not treated as a preference item in the calculation of the alternative minimum tax on individuals and purposes of calculating the alternative minimum tax. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, as presently written and applied, the Series 2012 C Bonds and the interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof. See "TAX MATTERS" herein.

THE CITY OF MORGANTOWN, WEST VIRGINIA COMBINED UTILITY SYSTEM REVENUE BONDS CONSISTING OF:

$2,325,000*
SERIES 2012 C
(BANK QUALIFIED)

Dated: Date of Delivery **Due: October 1, as shown inside cover page**

The City of Morgantown, West Virginia Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 C Bonds") are being issued by The City of Morgantown (the "City") pursuant to an ordinance enacted by the City Council on January 3, 2012, as supplemented by a Supplemental Parameters Resolution adopted by the City Council on March 6, 2012 (collectively, the "Ordinance"). The Series 2012 C Bonds shall be issued only as fully registered Series 2012 C Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2012 C Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2012 C Bonds, payments of the principal of and interest on such Series 2012 C Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see APPENDIX F "Book-Entry Only System" attached hereto).

The Series 2012 C Bonds are being issued to provide funds: (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing stormwater utility portion (the "Project") of the City's combined waterworks, sewerage and stormwater system (the "System"); (ii) to fund a debt service reserve account for the Series 2012 C Bonds; and (iii) to pay certain costs of issuance related to the Series 2012 C Bonds.

THE SERIES 2012 C BONDS ARE PAYABLE FROM AND FURTHER SECURED BY THE GROSS REVENUES, AS HEREIN DEFINED, DERIVED FROM THE SYSTEM, AND ANY ADDITIONS, BETTERMENTS AND IMPROVEMENTS THERETO, AND FROM FUNDS ON DEPOSIT IN THE SINKING FUNDS CREATED THEREFOR, INCLUDING THE RESERVE ACCOUNTS ESTABLISHED THEREIN. THE SERIES 2012 C BONDS ARE BEING ISSUED ON A PARITY WITH OUTSTANDING BONDS (THE "PRIOR BONDS" AS DESCRIBED HEREIN). THE SERIES 2012 C BONDS DO NOT CONSTITUTE A CORPORATE INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATIONS, AND THE CITY SHALL NOT BE OBLIGATED TO PAY THE SERIES 2012 C BONDS OR ANY PREMIUM OR THE INTEREST THEREON EXCEPT FROM SUCH GROSS REVENUES AND SUCH FUNDS ON DEPOSIT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED TO, NOR SHALL A TAX EVER BE LEVIED FOR, THE PAYMENT OF THE PRINCIPAL OF, THE PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2012 C BONDS.

THIS COVER PAGE, INCLUDING THE INSIDE COVER PAGE HERETO, CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THE SERIES 2012 C BONDS. INVESTORS ARE ADVISED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY BEFORE MAKING AN INVESTMENT DECISION. THE PURCHASE OF THESE SERIES 2012 C BONDS HAS CERTAIN RISKS. SEE "INVESTMENT CONSIDERATIONS" HEREIN.

The Series 2012 C Bonds are subject to redemption prior to maturity as more fully stated herein.

United Bank, Inc., Charleston, West Virginia, is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2012 C Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2013. Principal of the Series 2012 C Bonds is payable on each October 1 as set forth on the inside cover page.

The Series 2012 C Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the City by Stephen Fanok, Esquire, Morgantown, West Virginia, counsel to the City and for the Morgantown Utility Board by Steptoe & Johnson PLLC, Charleston, West Virginia. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter. It is expected that the Series 2012 C Bonds will be available for delivery through the facilities at DTC, New York, New York, on or about October __, 2012.

September __, 2012

Crews&Associates
Member First Security Bancorp

---

* Preliminary, subject to change.

$2,325,000*

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIPS**

Series 2012 C Bonds

$270,000* _____% Term Bonds, Due October 1, 2015 at 100% CUSIP: _____
$190,000* _____% Term Bonds, Due October 1, 2017 at 100% CUSIP: _____
$200,000* _____% Term Bonds, Due October 1, 2019 at 100% CUSIP: _____
$320,000* _____% Term Bonds, Due October 1, 2022 at 100% CUSIP: _____
$360,000* _____% Term Bonds, Due October 1, 2025 at 100% CUSIP: _____
$255,000* _____% Term Bonds, Due October 1, 2027 at 100% CUSIP: _____
$275,000* _____% Term Bonds, Due October 1, 2029 at 100% CUSIP: _____
$455,000* _____% Term Bonds, Due October 1, 2032 at 100% CUSIP: _____

* Preliminary, subject to change

** CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Series 2012 C Bonds only at the time of issuance of the Series 2012 C Bonds and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012 C Bonds.

THE CITY OF MORGANTOWN, WEST VIRGINIA

MAYOR
Jim Manilla

CITY MANAGER
Terrence Moore

COUNCIL
Ronald Bane, Jr.
Wes Nugent
William Byrne
Jennifer Selin
Martha Shamberger
Linda Herbst

CITY ADMINISTRATION
Linda Little – City Clerk
Stephen Fanok, Esquire – City Attorney

MORGANTOWN UTILITY BOARD MEMBERS
J.T. Straface
William Burton
John Ganz
Ron Bane
Frank Scafella

BOND COUNSEL
Steptoe & Johnson PLLC
Charleston, West Virginia

ENGINEER
Morgantown Utility Board

UNDERWRITER
Crews & Associates, Inc.
Charleston, West Virginia

UNDERWRITER'S COUNSEL
Jackson Kelly PLLC
Charleston, West Virginia

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 C Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the City and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the City as it relates to the System since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

The information contained in this Official Statement has been obtained from the City and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

Forward-Looking Statements

This Official Statement, and particularly the information contained in the caption "MORGANTOWN UTILITY BOARD – Historical and Projected Debt Service Coverage" contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

You should make your own decision whether this offering meets your investment objectives and risk tolerance level. No federal or state securities commission has approved, disapproved, endorsed or recommend this offering. No independent person has confirmed the accuracy or truthfulness of this disclosure, nor whether it is complete.

The Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended because of available exemptions therefrom.

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Series 2012 C Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

INTRODUCTION 1
FINANCING PLAN 3
THE SERIES 2012 C BONDS 4
SECURITY FOR THE SERIES 2012 C BONDS 6
THE CITY 10
THE MORGANTOWN UTILITY BOARD 11
DEBT SERVICE REQUIREMENTS 14
INVESTMENT CONSIDERATIONS 15
PRIOR DEBT SERVICE RESERVE ACCOUNTS 20
LITIGATION 20
LEGAL MATTERS 20
TAX MATTERS 20
UNDERWRITING 23
INDEPENDENT AUDITORS 23
CONTINUING DISCLOSURE 24
MISCELLANEOUS 24

APPENDIX A – The City of Morgantown and Monongalia County A-1
APPENDIX B – The System B-1
APPENDIX C – Financial Statements of the Utility Board C-1
APPENDIX D – Form of Bond Counsel Opinions D-1
APPENDIX E –The Ordinance as Supplemented and Amended E-1
APPENDIX F – Book-Entry Only System F-1
APPENDIX G – Form of Continuing Disclosure Agreement G-1

OFFICIAL STATEMENT

relating to

THE CITY OF MORGANTOWN, WEST VIRGINIA COMBINED UTILITY SYSTEM REVENUE BONDS CONSISTING OF:

$2,325,000*
SERIES 2012 C
(BANK QUALIFIED)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning The City of Morgantown, West Virginia (the "City"), the City's combined waterworks, sewerage and stormwater system (the "System") and the City's $2,325,000* Combined Utility System Revenue Bonds, Series 2012 C (the "Series 2012 C Bonds"). The Series 2012 C Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance enacted by the Council of the City on January 3, 2012 (the "Bond Ordinance"), as supplemented and conformed by a supplemental parameters resolution adopted by the Council of the City on March 6, 2012 (the "Supplemental Resolution" and collectively with the Bond Ordinance, hereinafter the "Ordinance"). Certain capitalized terms used and not defined herein shall have the meanings set forth in the Ordinance.

The proceeds of the Series 2012 C Bonds will be used as follows: (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing stormwater utility portion of the System (the "Project"); (ii) to fund a debt service reserve account for the Series 2012 C Bonds; and (iii) to pay certain costs of issuance related to the Series 2012 C Bonds.

There are outstanding obligations of the City which will rank on a parity with the Series 2012 C Bonds as to liens, pledge, source of and security for payment, being (1) Combined Utility 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 Utility 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 Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated February 29,

* Preliminary, subject to change.
† The Series 1992 Bonds will mature December 1, 2012.

2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"), (4) Combined Utility 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"), (5) Combined Utility 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"), (6) Combined Utility 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 "Series 2006 A Bonds"), (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original principal amount of $8,500,000 (the "Series 2007 A Bonds"), (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"), (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated January 28, 2010, issued in the original principal amount of $81,600 (the "Series 2010 B Bonds")*, (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original principal amount of $15,380,227 (the "Series 2010 C Bonds"), (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original principal amount of $9,317,286 (the "Series 2010 D Bonds"), (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program), dated January 28, 2010, issued in the original principal amount of $100,000 (the "Series 2010 E Bonds"), (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original principal amount of $7,250,000 (the "Series 2010 F Bonds"), (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original principal amount of $570,000 (the "Series 2012 A Bonds"), and (15) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original principal amount of $444,835 (the "Series 2012 B Bonds")* (collectively, the "Prior Bonds"). The Series 2012 C Bonds and the Prior Bonds are collectively referred to herein as the "Bonds".

The Bonds are payable from and secured by the Gross Revenues, as defined in the Ordinance, derived from the System and any additions, betterments and improvements thereto, and from funds on deposit in the Sinking Funds, including the Reserve Accounts therein. The Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. See "SECURITY FOR THE SERIES 2012 C BONDS - Rate Covenant."

The City may issue additional bonds on a parity with the Bonds. See "SECURITY FOR THE SERIES 2012 C BONDS - Additional Parity Bonds."

* Principal Forgiveness Bonds. Amounts advanced under such Bonds are deemed forgiven on June 30 in the year advanced.

Brief descriptions of the Bonds, the Ordinance, the Project, the System, the City, the Undertaking and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, the Undertaking, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Ordinance.

FINANCING PLAN

The Project

The Series 2012 C Bonds are being issued to provide moneys for acquiring and constructing certain extensions, additions, betterments and improvements to the stormwater utility portion of the System, specifically including, but not limited to, a drainage improvement project intended to reduce flooding at the intersection of W.V. Route 7 and W.V. Route 857 (Hartman Run Rd.), the principal improvement being replacement of an existing undersized culvert which is also failing structurally, by installation of a new, larger culvert and an overflow relief culvert, at a cost of approximately $2,475,000 (collectively, the "Project"), in accordance with the plans and specifications prepared by the Morgantown Utility Board. In addition to the proceeds of the Series 2012 C Bonds, cash contributions from the City, in the amount of $100,000, and the Morgantown Utility Board, in the amount of $50,000, will be applied to pay the costs of the Project.

The City has received bids for the Project compatible with the proposed financing. The City estimates all construction to be completed on the Project by October 31, 2013.

Sources and Uses of the Series 2012 C Bonds

Sources of Funds		
Principal Amount of Series 2012 C Bonds		$[2,325,000]
Net Original Issue Premium/Discount – Series 2012 C Bonds		
TOTAL	$	
Uses of Funds		
Underwriter's Discount		
Costs of Issuance (1)		
Deposit to Construction Fund		
Deposit to Reserve Account		
TOTAL	$	

(1) Includes bond counsel fee, underwriters counsel fees, printing fees, and registrar fee.

THE SERIES 2012 C BONDS

General

The Series 2012 C Bonds are dated October __, 2012, and bear interest from said date upon original issuance. All Series 2012 C Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date from such interest payment date or, if no interest on such bonds has been paid, from the date thereof; provided however, that, if interest on such bond shall be in default, as shown by the records of the Registrar, as defined below, then any bond issued in exchange for a bond surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial bonds surrendered. The Series 2012 C Bonds will bear interest from their date, payable semiannually on each April 1 and October 1 in each year, commencing April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the bond is called for prior redemption and payment on such date is provided for.

The Series 2012 C Bonds will be issued as fully registered bonds in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Bonds shall be payable by check or draft made payable and mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner thereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of the Series 2012 C Bonds, by notice given to the Registered Owners at the address of such Registered Owner as it appears on the registration books of the City maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar") or, at the option of any Registered Owner of $1,000,000 or more of the Series 2012 C Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner. Principal of and premium, if any, on the Series 2012 C Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender thereof at the principal corporate trust office of the Paying Agent.

Ownership of any bond may be transferred only by transfer of registration presented to the Registrar by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a bond, there will be issued another bond or bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred bond and of the same series, interest rate and maturity of said transferred bond. For every exchange or transfer of the bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Any applicable tax, governmental charge or charge to reimburse the

Registrar for any tax or governmental charge shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of the bonds that have been called for redemption.

[Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to their stated maturity at any time on and after _____, at the option of the City at par, plus accrued interest thereon to the date set for redemption.]

[Mandatory Sinking Fund Redemption

The Series 2012 C Bonds maturing _____, are subject to annual mandatory redemption prior to their respective stated maturity dates, as set forth in the Ordinance, by random selection of the years as may be determined by the Registrar and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____

Year (October 1)	Principal Amount]

Notice of Redemption

Notice to the Registered Owner and the Underwriter of any redemption shall be given by the Registrar at least 30 days and not more than 60 days prior to the date fixed for redemption by registered or certified mail to the address appearing in the Register or to such other address as is furnished in writing by such Registered Owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2012 C Bonds, and failure to mail such notice shall not affect the validity of any such proceedings for the redemption of any portion of the Series 2012 C Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinance described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2012 C Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

SECURITY FOR THE SERIES 2012 C BONDS

The Bonds are special obligations of the City and are payable as to principal, premium, if any, and interest solely from the sources described below. The City is under no obligation to pay the Bonds except from said sources.

Sources of Payment

The payment of the debt service on all of the Series 2012 C Bonds shall be secured equally and ratably by a first lien on the Gross Revenues derived from the operation of the System, on a parity with one another and with the lien on the Gross Revenues in favor of the Owners of the Prior Bonds and, in the instance of the Series 2012 C Bonds, all moneys and securities in the Series 2012 C Bonds Sinking Fund, including the Reserve Accounts therein. Gross Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Ordinance, and the funds in the Sinking Fund are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

The City covenants and agrees in the Ordinance that the schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created thereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City, through the Ordinance, 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 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds.

The City, through the Ordinance, covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. See "Appendix E – The Ordinance as Supplemented and Amended."

Reserve Account

Pursuant to the Ordinance there will be created with the Bond Commission in the Sinking Fund, a Reserve Account for the Series 2012 C Bonds (the "Series 2012 C Bonds Reserve Account") which will be funded at closing from the proceeds of the Bonds in an amount equal to the reserve requirement. In addition to the Reserve Account, most of the Prior Bonds have reserve accounts funded by surety bonds (see "PRIOR DEBT SERVICE RESERVE ACCOUNTS" herein). The Series 2012 A Bonds have a reserve account that is being funded over ten years. The Series 2012 B Bonds are not required to have a reserve account. Moneys in the Reserve Account shall be used only to pay principal of, or interest on the Series 2012 C Bonds as due when other moneys in the Sinking Fund are insufficient therefor; provided, that any such moneys in excess of the respective Reserve Account Requirement shall be withdrawn semi-annually from the respective Reserve Account and deposited in the respective Sinking Fund. The City is required to restore any withdrawals from the Reserve Account as follows: to the extent Net Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Reserve Account to an amount equal to the Reserve Requirement to the full extent that such Net Revenues are available; provided however, that if the shortfall in the Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Reserve Account whenever and as long as the amount deposited therein shall be equal to the Reserve Requirement. See, "Appendix E - The Ordinance as Supplemented and Amended."

Renewal and Replacement Fund

The City is required after the payments into the Sinking Funds described above and after the payment of Operating Expenses, on the first day of each month to transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 ½ %) of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required thereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund. See "Appendix E -- The Ordinance as Supplemented and Amended."

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with the Depository Bank, for disposition in the following order of priority (except as described below): (1) first, (i) for monthly deposit in the Prior Bonds Sinking Funds, the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date of the Series 2012 C Bonds, for deposit in the Series 2012 C Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2012 C Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 C Bonds Sinking Fund and the next ensuing semi-annual interest payment date is more or less than 6 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semi-annual interest payment date, the required amount of interest coming due on such date; and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 C Bonds Sinking Fund shall be reduced by the amount of accrued interest in the Series 2012 C Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 C Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 C Bonds Sinking Fund; (2) next, (i) for monthly deposit in the Prior Bonds Sinking Funds, the amounts required by the Prior Ordinances to pay the principal on the Prior Bonds; and (ii) for deposit in the Sinking Fund (and in the Series 2012 C Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2012 C Bonds, a sum equal to 1/12 of the amount (or 1/6 of the amount if the Series 2012 C Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2012 C Bonds on the next ensuing annual principal payment date or mandatory Redemption Date (provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 C Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 12 months (or 6 months if the Series 2012 C Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 C Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph); (3) next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) for deposit in the Series 2012 C Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 C Bonds Reserve Account below the Series 2012 C Bonds Reserve Requirement, or any withdrawal from the Series 2012 C Bonds Reserve Account; (4) next, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System; and (5) on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to not less than 2½% 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. See "Appendix E – The Ordinance as Supplemented and Amended."

As described under "Sources of Payment" above, all payments on the Bonds are on a parity with each other and are secured by the Gross Revenues of the System.

Enforcement of Collections

The City covenants in the Ordinance to 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 and other charges that 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. Such fees, rates, rentals and charges, if not paid when due, shall, to the extent allowed by the Act, become a lien on the premises served by the System.

The City further covenants and agrees that it will, subject to applicable State law and regulations, and under such rules and regulations as may be prescribed by the Public Service Commission of West Virginia and the City, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all delinquent amounts, plus reasonable interest penalty charges for the restoration of service, have been fully paid or an appropriate payment plan has been established.

Additional Parity Bonds

The Ordinance provides for the issuance of additional bonds on a parity with the Bonds with respect to their lien on the Gross Revenues of the System and their source of and security for payment from said Gross Revenues (the "additional parity Bonds") for the following purposes and under the following conditions:

No such additional parity Bonds shall be issued except for the purpose of (i) financing the costs of design, acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding all or a portion of one or more series of Bonds, or the Prior Bonds or any future Parity Bonds issued hereunder; (iii) paying claims which may exist against the revenues or facilities of the System; or (iv) all such purposes.

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 such additional 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 an Independent Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments provided in the Ordinance, from the

System during any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall not be less than 115% of the greatest amount of debt service required to be paid for the then current or any succeeding fiscal year on the following:

(1) The Series 2012 C Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such additional parity bonds and any increase in rates enacted by the City, the period for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the City prior to the issuance of such additional parity Bonds. See "Appendix E – The Ordinance as Supplemented and Amended."

THE CITY

The City is a political subdivision and Class II City of the State of West Virginia. Located in Monongalia County (as the seat of County government) in northern West Virginia, the City is the fourth largest city in the State and has a population of approximately 29,660 (approximately 96,189 in Monongalia County) (2010 Census estimate). (See "Appendix A -- The City of Morgantown and Monongalia County" herein).

City Government

The City Government is organized under the "Manager Plan," which is Plan IV of the charter plans authorized by Chapter 8, Article 3, Section 2 of the Code of West Virginia, 1931, as amended. Within the provisions of this Plan, the City elects a Council comprised of seven members, on a ward basis, each for two (2) year, non-staggered, terms. The Council elects the Mayor from its membership who serves as the presiding officer of the Council. Council appoints a City Manager. Council, including the Mayor, constitutes the governing body of the City. The City Manager is the administrative authority. The City Manager manages the affairs of the City under the supervision of

the Council and is responsible to such Council. The City Manager appoints or employs all subordinates and employees for whose duties or work he is responsible to the Council.

Name, Title	Term Expires
Jim Manilla, Mayor	June 30, 2013 (as Council member) June 30, 2013 (as Mayor)
Ronald Bane, Jr., Council Member	June 30, 2013
Wes Nugent, Council Member	June 30, 2013
William Byrne, Council Member	June 30, 2013
Jennifer Selin, Council Member	June 30, 2013
Martha Shamberger, Council Member	June 30, 2013
Linda Herbst, Council Member/Deputy Mayor	June 30, 2013
Linda Little, City Clerk, appointed by Council	at will and pleasure of Council
Terrence Moore, City Manager, appointed by Council	at will and pleasure of Council

THE MORGANTOWN UTILITY BOARD

The Morgantown Utility Board (the "Utility Board") was created by the City to operate the City's water, sewer and stormwater systems, and is a municipally owned and operated utility providing potable water, sanitary sewer, and stormwater services to the City and portions of Monongalia County. This service area includes the municipalities of Westover, Star City, Granville, the facilities of West Virginia University, and surrounding unincorporated areas. The System provides direct water service to 24,509 connections and direct sewer service to approximately 19,063 service connections. The Utility Board also provides bulk water sales to approximately 10,600 customer accounts (including public service districts) and bulk sewerage treatment for surrounding districts. The Utility Board's stormwater system serves 14,615 customers.

Utility Board facilities are valued at over $179 million. This includes a main wastewater treatment plant in Star City, a wastewater treatment plant at Cheat Lake, and a water treatment plant in Morgantown. In addition, approximately 411 miles of water distribution lines, 298 miles of sewerage collection lines, and 225 miles of stormwater system lines are located throughout the System.

The Utility Board was created in 1987 by the City under the provisions of the Combined Waterworks and Sewerage Systems Act (WV Code 8-20-1). The former Morgantown Water Commission and the Morgantown Sanitary Board were merged to create the Utility Board. The Utility Board began operating the stormwater system in August, 2002.

The Utility Board is comprised of five residential customers of the Utility Board appointed by the Morgantown City Council for terms of five years. In addition to being customers of the System, up to two Utility Board members may be residents of Monongalia County residing outside of the City, and all others must be residents of the City. These individuals are responsible for the

management, control, and operation of the System. The Utility Board selects a chair and other officers from its members annually. The names and terms of the current Utility Board members are:

Morgantown Utility Board Members

Member	Term Expires
J.T. Straface (Chairman)	November 1, 2012
William Burton (Vice Chairman)	November 1, 2013
John Ganz	November 1, 2015
Ron Bane (Treasurer)	November 1, 2014
Frank Scafella (Secretary)	November 1, 2016

(The System and the System's management are more fully described in "Appendix B – The System" herein).

Coverage Ratios

Under the Ordinance, the City has covenanted to collect fees and charges which shall be sufficient at all times to produce projected annual Net Revenues equal to not less than 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds. See "SECURITY FOR THE SERIES 2012 C BONDS -- Rate Covenant."

The following table presents the historical debt service coverage ratio for the Prior Bonds for the fiscal years ended June 30, 2009 through June 30, 2012 and projected debt service coverage ratio for the fiscal years ended June 30, 2013 through June 30, 2015. See "Appendix B – The System" and "Appendix C – Financial Statements of the Utility Board".

[The remainder of this page is intentionally blank.]

Historical and Projected Debt Service Coverage† (Fiscal Year Ended June 30)

	2009	2010	2011	Unaudited 2012	Projected 2013	Projected 2014	Projected 2015
Total Operating Revenues	14,548,013	15,329,210	15,574,960	18,916,676	21,935,475	22,374,185	22,821,668
Total Operating Expenses	14,761,487	14,226,473	14,394,604	15,308,271	17,663,761	18,825,000	19,950,000
Other Gain or Loss	-15,913	-607,393	-584,431	-1,242,974	-2,138,411	-2,353,961	-2,205,879
Net Income/(Loss)	-229,387	495,344	595,925	2,365,430	2,133,303	1,195,224	665,789
Interest Expense	302,065	1,183,914	1,994,761	2,112,858	3,141,271	3,254,674	3,188,644
Depreciation Expense	3,914,079	3,630,905	3,660,907	3,753,000	4,500,000	5,200,000	5,900,000
Available for Debt Service	3,986,757	5,310,163	6,251,593	8,231,288	9,774,574	9,649,898	9,754,433
Debt Service Requirement	2,131,377	2,544,102*	2,926,948*	5,357,655*	6,689,196	6,852,805	6,866,207
Coverage	187%	209%	214%	154%	146%	141%	142%

*Net of Capitalized Interest

Note: Debt Service Requirement and Debt Service Coverage for Projected 2013, 2014 and 2015 are preliminary and subject to change.

Source: Morgantown Utility Board

[The remainder of this page is intentionally blank.]

† Preliminary, subject to change

DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which the Series 2012 C Bonds will be outstanding the amounts payable from Gross Revenues.

	Prior Bonds Principal	Prior Bonds Interest	Series 2012 C Principal*	Series 2012C Interest*	Total
6/30/2011	2,081,452	2,813,386			4,894,838
6/30/2012	2,128,516	2,768,713			4,897,229
6/30/2013	3,547,925	3,099,836		41,436	6,689,196
6/30/2014	3,513,131	3,174,118	85,000	80,556	6,852,805
6/30/2015	3,587,564	3,110,086	90,000	78,558	6,866,207
6/30/2016	3,440,800	3,041,155	90,000	76,563	6,648,518
6/30/2017	3,280,705	2,974,674	95,000	74,481	6,424,860
6/30/2018	3,352,549	2,905,264	95,000	72,344	6,425,157
6/30/2019	3,420,132	2,833,021	95,000	69,731	6,417,884
6/30/2020	3,493,471	2,748,090	100,000	66,563	6,408,124
6/30/2021	3,572,584	2,650,477	105,000	63,231	6,391,292
6/30/2022	3,652,483	2,550,079	105,000	59,819	6,367,381
6/30/2023	3,733,176	2,446,083	110,000	56,325	6,345,584
6/30/2024	3,814,706	2,337,632	115,000	52,381	6,319,719
6/30/2025	3,902,064	2,225,474	120,000	47,975	6,295,513
6/30/2026	3,914,419	2,106,565	120,000	43,475	6,184,459
6/30/2027	3,765,962	1,977,789	125,000	38,881	5,907,632
6/30/2028	3,860,925	1,857,856	130,000	34,100	5,882,881
6/30/2029	3,514,940	1,724,887	135,000	28,794	5,403,621
6/30/2030	3,127,918	1,591,617	145,000	22,844	4,887,379
6/30/2031	3,226,697	1,459,373	150,000	16,575	4,852,645
6/30/2032	3,321,053	1,322,390	155,000	10,094	4,808,537
6/30/2033	2,284,890	1,185,091	160,000	3,400	3,633,381
6/30/2034	1,989,915	1,064,225			3,054,140
6/30/2035	2,065,012	940,293			3,005,305
6/30/2036	2,150,109	811,261			2,961,370
6/30/2037	2,235,208	676,809			2,912,017
6/30/2038	2,325,307	536,780			2,862,087
6/30/2039	2,415,406	391,011			2,806,417
6/30/2040	2,482,768	239,187			2,721,955

Source: Morgantown Utility Board

*Preliminary, subject to change.

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Bonds are secured solely by the Gross Revenues of the System. There can be no guarantee that current rates of the System will always produce revenue sufficient to pay the debt service on the Bonds. The City has covenanted in the Ordinance to raise the rates of the System if the Gross Revenues of the System are not sufficient to provide 115% coverage of the maximum annual debt service of the Bonds and all bonds issued on a parity with the Bonds. After enactment of a rate increase, however, if twenty-five percent of the City's customers file a petition protesting the rate increase or if a claim is made protesting the proposed rates on the basis of discrimination, the Public Service Commission of West Virginia (the "PSC") will have jurisdiction to review and modify the rates of the City. There can be no assurance that the PSC will approve the increase of rates and charges to a level sufficient to generate revenue sufficient to pay the debt service on the Bonds, if 25% of the City's customers petition the PSC.

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. For example, both the American Jobs Act of 2011, introduced by President Obama on September 12, 2011 (the "Jobs Act"), and the federal budget for fiscal year 2013, proposed by President Obama on February 13, 2012 (the "2013 Proposed Budget"), would, for tax years beginning on or after January 1, 2013, limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Bonds if the 2013 Proposed Budget, the Jobs Act or other legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes.

The Public Service Commission of West Virginia

In West Virginia, municipal water and sewer utilities such as the City are subject to regulatory oversight by the Public Service Commission of West Virginia (the "Commission") in certain situations. Specifically, pursuant to Chapter 24, Article 2, Section 11 of the Code of West Virginia, 1931, as amended, utilities must obtain a certificate of public convenience and necessity prior to proceeding to construction for projects which are outside of "the normal course of business."

Additionally, rate increases approved by the Council of the City are subject to review for regulatory "notice" requirements and, under certain circumstances, the actual proposed rates. Municipal water and sewer utilities in West Virginia do not have the ability to adjust rates without the possibility of regulatory review. The parameters surrounding this review are discussed below. Such regulatory review may delay or halt the implementation of rate increases which could cause the utility to fail to meet rate covenants or produce revenue sufficient to pay debt service.

The Commission has two levels of review. Most cases are initially assigned to an administrative law judge ("ALJ") for decision. The Commission employs a "staff" comprised of engineers, lawyers and financial analysts (the "Staff") to review cases and make recommendations. The City is also permitted to make recommendations, as are other parties who are granted "intervenor" status. The ALJ may conduct a hearing, at which evidence is presented and witnesses for all parties may be cross-examined, after which a recommended decision is issued. Any party to the underlying proceeding, including a party granted intervenor status, may take exception to the recommended decision of the ALJ, in which case the matter is referred to the full Commission for decision. The rates charged for the stormwater portion of the System are not currently subject to Commission review.

Commission Regulatory Oversight of Rate Increases

Pursuant to Chapter 8, Article 11, Section 4, Chapter 8, Article 20, Section 10 and Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended, the Council of the City has the ability to establish rates for the water and sewer utilities through the enactment of an ordinance, following a public hearing on such ordinance. In the enactment of such an ordinance, the City must comply with regulations of the Commission related to providing notice of such proposed rate increase. The Commission reviews the compliance of the City with such regulations and, if the Commission determines that the City has failed to satisfy the requirements of the regulations, the Commission may declare the rate ordinance invalid.

In such instance, the City would have no choice but to reenact the ordinance.

Commission Review of Proposed Rate Increases

Once enacted, the proposed rates are subject to review by the Commission under the following scenarios:

1. More than 25% of the customers of the City sign a petition asking that the Commission review the rates proposed by the City; or

2. A customer of the City, which resides within the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory;" or

3. A customer of the City, which resides outside of the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory."

If any of the above occurs, the Commission then takes "jurisdiction" over the rates, initiating an investigation into the need for the proposed rates. Pursuant to Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended (the "PSC Act"), the rates enacted by the City are suspended for 120 days from the date the rates would otherwise have gone into effect (i.e., 45 days from enactment of the rate ordinance) and the new rates, if any, established by the Commission will go into effect at that end of the suspension period.

The Commission views the term "discrimination" to include more situations than those where a different rate is applied to resident and non-resident customers. The Supreme Court of Appeals of West Virginia previously affirmed the Commission's interpretation of the term "discrimination" when the court held that verified allegations, "which included the failure of the [municipality] to perform a class cost of service study and the discriminatory imposition of certain costs to resale customers, were sufficient to meet the requirements" found in the PSC Act. *City of Wheeling v. Pub. Serv. Comm'n of W. Va.*, 199 W. Va. 252, 257, 483 S.E.2d 835, 840 (1997).

The City has eight bulk water resale customers. Any one resale customer may allege "discrimination," causing the Commission to take jurisdiction over any proposed rate increase. Likewise, any one customer located within the City limits may allege "discrimination," also causing the Commission to take jurisdiction over any proposed rate ordinance.

Potential Delays for the Enactment of Rate Increases

Generally, the process of enacting a rate ordinance requires a minimum of two weeks (two readings by Council, separated by sufficient time to allow for the publication of a public hearing prior to the second reading, with the first publication for the public hearing being not less than 5 days prior to the date of the publication). Pursuant to the PSC Act and regulations of the Commission, the rates cannot go into effect any sooner than 45 days from the date of enactment, provided that an appeal of the proposed rates does not occur. In the event that the Commission takes jurisdiction of the rate increase, the Commission will establish a decision due date for the ALJ that is generally 30 days prior to the end of the 120-day suspension period. If any of the parties, however, appeal the ALJ's recommended decision to the full Commission, the Commission will render its decision no later than the end of the 120-day suspension period. Additionally, a decision of the Commission may be appealed to the Supreme Court of Appeals of West Virginia, which has no statutory time frame within which to render a decision.

Consequently, the time period from the first reading of a rate ordinance to the increased rates being charged to the customers is a minimum of 60 days, and if the Commission takes jurisdiction, can exceed 180 days (Commission approved rates are billable during an appeal to the Supreme Court of Appeals of West Virginia, unless suspended by the Commission or the Court). From the date the

new rates begin to be charged, the City should realize revenues in approximately 45 to 60 days. Resale customers are required to obtain authorization from the Commission for any necessary increase in resale rates. Such increases are often granted by the Commission after the rates for the City go into effect, which means no assurance exists that resale customers will have sufficient revenues to begin paying the increased resale rates. The Commission can, and has on occasion, pre-approved resale rate increases in advance of the effective date of the new rates. As a result, resale customers may have the ability to begin charging the new resale rates of the City as soon as the rates go into effect.

Test Year

If the Commission takes jurisdiction over a municipality's rate ordinance as described above, the regulations of the Commission require a municipality to file "financial justification" for the proposed rate increase. This financial justification must be based on financial data from the most recent actual audited or finally closed twelve-month period, also known as the "test year." Events which occur outside the test year are not generally permitted in the rate adjustment. A determination at the end of any twelve-month period that a rate increase is necessary may not result in increased rates and collections for nine months or more from the end of that period.

The City has the option to proceed with a rate increase at any time during the course of the year, however, the financials examined by the Commission will be the financials for the most recent full fiscal year, not the 12-month period immediately preceding the date of the request.

Reliance on "Known and Measurable" Adjustments

When considering adjustments to the rates of a utility for costs occurring during the "test year," the Commission's regulations require that the need for, and amount of, such adjustments be based on information that is "known and measurable." As a result, a change in revenues or expenses must, in most cases, have occurred in the test year being analyzed. If an increase in a cost, or a decline in revenue, is anticipated for the coming year, the Commission generally will not take such change into account for rate making purposes unless the change occurs during the test year.

As a result of the requirement that the support for adjustments be "known and measurable," the Commission will generally not allow multi-year rate increases to address anticipated inflation or drops in customer usage. Therefore, the City must initiate the rate ordinance process, and potential Commission review, whenever increased costs or decreased revenues necessitate a rate increase.

Emergency Rate Increase

The PSC Act permits utilities to request "emergency rates" if the utility is in "financial distress." Financial distress has been defined by the Commission to mean the utility is unable to pay operation and maintenance expenses and the principal and interest on the utility's debt obligations.

Such rates, however, are subject to refund, in the event the Commission determines that the emergency rates, or any portion thereof, are not warranted. Generally, emergency rates CANNOT be obtained to meet coverage requirements in bond documents.

Treatment of Renewal and Replacement Funds

Most municipal water utilities in the state are required, pursuant to the terms of their outstanding bonds, to deposit 2.5% of gross revenues in a "Renewal and Replacement Fund" or "Depreciation Account" each month. The purpose of this account is to provide monies for capital repairs and improvements, to construct extensions and to make up deficiencies in the reserve funds. In recent years, the Commission has taken the position that while the deposits should be made into the Account each month, such deposits are to be included in the calculation of the City's funds available for capital additions for the year. The Commission generally calculates funds available for capital additions by averaging capital additions for the last five years; provided, however, the Commission will consider a different calculation if the utility can demonstrate the need for a higher capital requirement. Consequently, the City is not permitted to accumulate funds to be used for unforeseen capital repairs and replacements, for needed extensions or to replenish draws from the reserve funds as the account is to be utilized each year as part of the ongoing capital expenditures for the system. The City's inability to maintain funds for emergencies increases its risk of utilizing revenues to pay for emergency repairs leaving insufficient funds to pay debt service on the Bonds.

Annual Municipal Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The City is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the City's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The City has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the City and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "Continuing Disclosure" herein. Additionally, the City has no power to

require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

PRIOR DEBT SERVICE RESERVE ACCOUNTS

The reserve accounts for the Prior Bonds, other than the Series 2012 A Bonds and Series 2012 B Bonds, have been funded with surety bonds issued by Assurance Corp. Assurance Corp. has been downgraded by the rating agencies. If the surety bonds are terminated, the City must replenish the reserve accounts for the Prior Bonds with either cash, a letter of credit or other surety bonds. The reserve account for the Series 2012 A Bonds will be funded over ten years. The Series 2012 B Bonds do not have a reserve account, as they will be deemed forgiven June 30, 2013. The Series 2012 C reserve account will be funded from bond proceeds.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City, the Utility Board or the Project (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the City's financial position or on the validity of the Series 2012 C Bonds, the Ordinance, the Project, or any agreement to which the City is a party and which is a part of the issuance of the Series 2012 C Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2012 C Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix D to this Official Statement. Certain legal matters will be passed upon for the City by its counsel, Stephen Fanok, Esquire, Morgantown, West Virginia, for the Utility Board by its counsel, Steptoe & Johnson, PLLC, Charleston, West Virginia, and for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

Tax-Exemption

In the opinion of Bond Counsel for the Series 2012 C Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming continued compliance of the City with certain covenants designed to meet the requirements of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2012 C Bonds is excludable from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest

on the Series 2012 C Bonds is not a specific item of tax preference under Section 57 of the Code for purposes of the Federal individual or corporate alternative minimum taxes. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Furthermore, Bond Counsel is of the opinion that interest on the Series 2012 C Bonds is exempt from all taxation, including personal income taxation, by the State of West Virginia or any county, municipality, political subdivision or agency thereof and its political subdivisions.

A copy of the opinion of Bond Counsel for the Series 2012 C Bonds is set forth in Appendix D, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2012 C Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Series 2012 C Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2012 C Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2012 C Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2012 C Bonds may adversely affect the tax status of the interest on the Series 2012 C Bonds.

Certain requirements and procedures contained or referred to in the Series 2012 C Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2012 C Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2012 C Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson, PLLC.

Although Bond Counsel is of the opinion that interest on the Series 2012 C Bonds will be excludable from gross income for Federal and West Virginia income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 C Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and Bondholders or potential Bondholders are urged to consult with their tax advisors with respect to the effects of purchasing, holding or disposing of the Series 2012 C Bonds on the tax liabilities of the individual or entity.

Designation of Qualified Tax-Exempt Obligations

The City has designated the Series 2012 C Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

[Original Issue Premium

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Series 2012 C Bonds that mature _____ and _____ (collectively, the "Premium Bonds") are being initially offered and sold to the public at an Acquisition Premium. The Premium Bonds are not callable prior to their maturity date. For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludible from gross income for federal income tax purposes ("tax-exempt bonds") must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Series 2012 C Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Series 2012 C Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.]

[Original Issue Discount

The Series 2012 C Bonds maturing on _____ 1, _____ through _____ 1, _____ (collectively, the "Discount Bonds") are being sold at an original issue discount. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bonds over their initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold. Original issue discount, to the extent properly allocable to each owner of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such owner.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bonds (including its sale, redemption or

payment at maturity). Amounts received upon disposition of such Discount Bonds which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bonds. The amount treated as original issue discount on such Discount Bonds for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bonds (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bonds at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bonds during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bonds the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bonds are sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Purchasers of any Discount Bond should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.]

UNDERWRITING

Crews & Associates, Inc., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2012 C Bonds, at an aggregate purchase price of $_____ ($_____ minus Underwriter's discount of $_____ plus/less a net original issue discount/premium of $_____). The Underwriter will be obligated to purchase all of the Series 2012 C Bonds if any are purchased. The Series 2012 C Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

INDEPENDENT AUDITORS

The financial statements as of June 30, 2011, and for the year then ended, included as Appendix C in this Official Statement, have been audited by Perry & Associates, Certified Public Accountants, A.C., independent auditors, as stated in their report appearing herein and the unaudited financial statements, included as Appendix C in this Official Statement, as of June 30, 2012, have been prepared by the Utility Board.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX G, to provide financial information not later than two hundred seventy (270) days following the end of the City's fiscal year, commencing with the report for the fiscal year ended June 30, 2012, and to provide notice of the occurrence of the enumerated events listed therein. The Annual Information and each notice of enumerated events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as dissemination agent, on behalf of the City, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The City has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Series 2012 C Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Continuing Disclosure Agreement for the Series 2010 A Bonds and Series 2010 F Bonds requires the City to file its annual financial information not later than 300 days after the end of the City's fiscal year (presently June 30), commencing with the report for the fiscal year ended June 30, 2009. The City failed to timely file its annual financial information for the fiscal year ended June 30, 2009, until May 14, 2010, 18 days after the date such information was due. The City has timely filed its annual financial information for the fiscal years ended June 30, 2010, and June 30, 2011.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2012 C Bonds.

[The remainder of this page is intentionally blank.]

Copies of the Ordinance, the Supplemental Resolution, the Undertaking, and other applicable documents may be obtained from the City at the following address:

The City of Morgantown
City Hall
389 Spruce Street
Morgantown, West Virginia 26505
(304) 284-7405
Attention: City Manager
E-Mail: tmoore@cityofmorgantown.org

or, during the period of offering the Series 2012 C Bonds, from the Underwriter. Ongoing financial information may be obtained from the City at the address set forth above.

The execution and distribution of this Official Statement has been duly authorized by the City.

THE CITY OF MORGANTOWN,
WEST VIRGINIA

By: _____
City Manager

Dated: _____, 2012

APPENDIX A

The City of Morgantown and Monongalia County
DESCRIPTION OF THE CITY

General

The City of Morgantown is the County seat of Monongalia County located along the Monongahela River and close to the Pennsylvania border in the north central part of West Virginia. Morgantown is the home to West Virginia University, the largest institution of higher education in the State with an annual enrollment of 28,898 students; and is the medical, cultural, and commercial hub of the region. Daytime population estimates 70,000 in Morgantown.

Morgantown and Monongalia County offer "Mountains of Opportunity" for business development and expansion. This is one of the major growth areas in the State. Monongalia County was the only north central county to realize population growth for the last 20 years, and it has been one of the fastest growing counties in the State during the 1990's.

Morgantown and Monongalia County have consistently seen some of the lowest unemployment rates in the state. Some of the major employers in the area include the National Institute of Occupational Safety and Health (NIOSH), Mylan Pharmaceuticals, West Virginia University.

Within a 500-mile radius of Morgantown is one-half of the population of the United States and one-third of the population of Canada. Morgantown is one day's drive from 6 of the 8 largest U.S. metropolitan areas, 20 metro areas with populations of 1 million or more, and 22 of the nation's top 35 industrial markets.

City Government

The City of Morgantown supports a City Manager / Council form of government, which was adopted in the City Charter in 1977.

Council member terms are two years in duration, with members being voted into council for each of seven wards. All seven council seats are up for election every two years. Council members must be sponsored by 75 registered voters to be placed on the election ballot. Once on the ballot, council members are elected by votes from all wards of the city. Mayor is selected in July by council members every two years.

[The remainder of this page is intentionally blank.]

Members of the City council are as follows:

MEMBER:	TERM EXPIRES:
Ron Bane	June 30, 2013
Wes Nugent	June 30, 2013
Linda Herbst	June 30, 2013
Jennifer Selin	June 30, 2013
Martha Shamberger	June 30, 2013
William Byrne	June 30, 2013
Jim Manilla	June 30, 2013

Population

The population for the City of Morgantown is set forth below:

2010	2009	2008	2007	2006
29,660	30,333	29,639	29,361	29,267

Source: U.S. Census Bureau (2006 through 2009 were estimates, 2010 is the actual 2010 Census number)

The total population for Morgantown, Monongalia County and Area from 1970 to 2010 is as follows:

Year	Morgantown	Monongalia County	Area*
1970	29,431	63,714	N/A
1980	27,605	75,024	410,500
1990	25,879	75,509	381,100
2000	26,809	81,866	387,400
2010	29,660	96,189	394,897

Represents Monongalia County and six contiguous counties including: Fayette Pennsylvania; Greene Pennsylvania; Marion West Virginia; Preston West Virginia; Taylor West Virginia and Wetzel West Virginia.

Additional information on Monongalia County for 2010 includes:

Population	96,189
Households	35,073
Persons Per Household	2.42

Transportation and Location

The City of Morgantown is served by the following:

Highways: I-79 and I-68; U.S. 19 and 119; WV 7, 100 and 218

Transit: Greyhound Bus Lines; Mountain Line (city/county transit); WVU Personal Rapid

Transit Railroads: Norfolk-Southern Railroad offers daily freight service.

Air: Morgantown Municipal Airport (Hart Field) offers daily commuter service to Pittsburgh via US Air Express. Pittsburgh International Airport is a 75- minute drive north of Morgantown.

Water: The Monongahela River is a navigable waterway with a nine-foot channel depth.

Highway Distances from Morgantown (Miles)

Pittsburgh	77	Charleston, WV	155
Columbus, OH	205	Cleveland, OH	219
Washington, DC	213	Baltimore, MD	215
Philadelphia, PA	327	Charlotte, NC	385
New York, NY	393	Chicago, IL	528

*Information provided by the Morgantown Area Economic Partnership. For additional demographic information visit MAEP online at www.morgantown.org.

Education

The following chart shows information for the types of schools and the number of each that are in Monongalia County for the school years 2010-2011:

Type of School	Public	Private
Elementary Schools (PK-6)	11	6
Middle Schools (varies 5-8)	5	6
High Schools (varies 7-12)	3	3
Technical Center	1	-
Alternative Education	2	-

Source: NCES, 2008

Some of the private schools incorporate more than one type or grade range of school.

The total public school enrollment for Monongalia County in 2010-2011 was 10,731 students. 644 students graduated from the three high schools. The pupil/teacher ratio is 14.6:1.
Source: NCES, WV SBA

Higher Education

West Virginia University ("WVU") is located in Morgantown, West Virginia and is the flagship institution of higher education in the State of West Virginia. A public land grant institution, WVU was founded in 1867. WVU has 135 colleges and schools that offer 191 bachelor, masters, doctoral and professional degree programs. WVU is a "Carnegie Research University" and as such, is one of the nation's top research universities.

Source: www.wvu.edu

Other post-secondary schools include West Virginia Junior College in Morgantown, Fairmont State University in Fairmont, West Virginia; Salem International University in Salem, West Virginia and Waynesburg College in Waynesburg, Pennsylvania.

Libraries

The Morgantown Public Library System consists of the main facility in downtown Morgantown as well as four branches located in the Cheat Lake Area, Clinton District, Clay-Battelle and Aull Center. One library card can be used throughout the entire Northern Library Network. Free public access to Internet terminals with word processing capabilities is available and the library system offers a wide variety of free day and evening programs.

The West Virginia University Library supports the teaching, research and service functions of WVU. The libraries contain close to 1.9 million History OnView website catalogs/volumes, 229 electronic databases and more than 45,000 online full-text journals, with access to 36 million volumes through a book-sharing consortium. In addition, the West Virginia University Library contains 40,000 historical photos. The libraries also subscribe to more than 5,000 print periodical titles and have access to more than 17,000 electronic journals. The library system includes five libraries: the Downtown Library Complex, the Libraries Depository, the Law Library, the Health Sciences Library and the Evansdale Library.
Source: www.wvu.edu

Health Care

Hospitals: The Monongalia General Hospital is an accredited, community-based hospital providing a full range of inpatient, surgical, medical, outpatient, and emergency room services. As a 189-bed general hospital, Monongalia General Hospital is the flagship of Monongalia Health System (MHS), an integrated health care delivery system, which offers a full range of health care services. Monongalia General Hospital's web site is www.monhealth.com.

The Robert C. Byrd Health Sciences Center of West Virginia University offers a full range of health care, provided by WVU faculty physicians and associated professionals. Ruby Memorial Hospital is the largest facility in the WVU Hospitals family, which includes WVU Children's Hospital, a same-day surgery center, a skilled nursing unit, and the region's only Level 1 trauma

center. Also on the health science campus are the Mary Babb Randolph Cancer Center, Chestnut Ridge psychiatric hospital, the Sleeth Family Medicine Center, and HealthSouth Mountainview Regional Rehabilitation Center. WVU also hosts a major facility of the National Institute for Occupational Safety and Health. The campus is home to the state's helicopter ambulance service and is served by a nearby Ronald McDonald House. The Health Sciences Center web site is at www.wvu.edu.

Health Clinics. The following are health clinics located in and around Morgantown: Clay Battelle Community Health Center; Morgantown Orthopedic Associates, Inc.; WVU - Cheat Lake Medical Associates Center for Excellence in Disabilities; Community Medical Associates; Cheat Lake Urgent Care; Physicians Office Center; Monongalia County Health Department; Morgantown Ear, Nose and Throat Clinic; Valley Community Mental Health Center; Morgantown Health Right Clinic; VanVoorhis Family Practice Center.

Utilities

The following are the utilities that service Morgantown:

Electric: Allegheny Power

Natural Gas: Dominion Hope

Water & Sewage: Morgantown Utility Board

Employers

The top employers in the City of Morgantown and the County of Monongalia:

Employer
West Virginia University
West Virginia University Hospital
Mylan Pharmaceuticals
Monongalia Board of Education
Monongalia General Hospital
West Virginia University Medical Corporation
Teletech Customer Care Management (WV) Inc.
Wal-Mart Associates, Inc.
The Kroger Company
Gabriel Brothers, Inc.

Source: Workforce WV

Unemployment

The average annual percentage of unemployment rates is as follows:

Year	Monongalia County	West Virginia
2006	3.2	4.5
2007	2.9	4.2
2008	2.7	4.3
2009	4.4	7.9
2010	5.5	9.1

Source: Workforce WV

Taxes

Local Property Tax (2011 Tax Year): Rate on each $100 valuation. Valuation based on 60 percent of assessed valuation.

	Class I	Class II	Class III & IV
County	.5175	1.0350	2.0700
Morgantown	.6425	1.2850	2.5700

Source: West Virginia Auditor

Owner-occupied houses.

Class III & IV: All other assets not in Class II -- most notably commercial and industrial property.

Municipal Business & Occupation Tax: Charged to businesses located within the municipal boundaries of Morgantown, Westover, and Star City. The tax rates vary according to the type of business and the taxes are based on one hundred dollars of gross income. Contact the municipal B&O tax clerk for more specific information.

State Sales Tax: 6 percent.

Local Income Tax: There is no local or county income tax.

[The remainder of this page is intentionally blank.]

State Income Tax: All taxpayers except married filing separate returns:

Taxable Income		Tax Liability		
Over	But Not Over		Plus	Of Excess Over
$0	$10,000	$0	3.0%	$0
10,000	25,000	300	4.0%	10,000
25,000	40,000	900	4.5%	25,000
40,000	60,000	1,575	6.0%	40,000
60,000		2,775	6.5%	60,000

Business Taxes: The state of West Virginia presently imposes two primary business taxes: the Corporate Net Income Tax and the Business Franchise Tax. The Corporation Net Income Tax rate is 8.5 percent of the federal taxable income of the corporation for the year. The Corporation Net Income Tax is being reduced in 2012 to 7.75 percent, in 2013 to 7 percent and in 2014 to 6.5 percent. The measure of the Business Franchise Tax is the net worth of the corporation or partnership as determined for federal income tax purposes. The tax is levied at the rate of 0.27 percent or $50, whichever is greater. The Business Franchise Tax is being phased out each year for the next three years. Three additional taxes are levied upon specialized industries. A Severance Tax is imposed on the production of natural resources. The Business and Occupation Tax, a gross receipts levy, is imposed upon public utilities and electric power producers.

[The remainder of this page is intentionally blank.]

APPENDIX B

The System

(Morgantown Utility Board is the source for all information in this section unless otherwise noted.)

Morgantown Utility Board

The Morgantown Utility Board (the "Utility Board") is a municipally owned and operated utility providing potable water, sanitary sewer, and stormwater services to the City of Morgantown and portions of Monongalia County. This service area includes the municipalities of Westover, Star City, Granville, the facilities of West Virginia University, and surrounding unincorporated areas. The system includes direct water service to 24,509 connections and direct sewer service to approximately 19,063 service connections. The Utility Board also provides bulk water sales to approximately 10,600 customer accounts and bulk sewerage treatment for surrounding districts. The Utility Board stormwater system serves 14,615 customers.

Utility Board facilities are valued at over $179 million. This includes a main wastewater treatment plant in Star City, a wastewater treatment plant at Cheat Lake, and a water treatment plant in Morgantown. In addition, approximately 411 miles of water distribution lines, 298 miles of sewerage collection lines, and 225 miles of storm system lines are located throughout the system. The Utility Board operates with approximately 150 employees.

The Utility Board was created in 1987 by the city of Morgantown under the provisions of the Combined Waterworks and Sewerage Systems Act (WV Code 8-20-1). The former Morgantown Water Commission and the Morgantown Sanitary Board were merged to create the Utility Board.

Mayor/Council

The City is governed by an elected Mayor and Council. The Mayor and Council members, terms and occupations are listed below:

Name, Title	Term Expires
Jim Manilla, Mayor	June 30, 2013 (as Council member) June 30, 2013 (as Mayor)
Ronald Bane, Jr., Council Member	June 30, 2013
Wes Nugent, Council Member	June 30, 2013
William Byrne, Council Member	June 30, 2013
Jennifer Selin, Council Member	June 30, 2013
Martha Shamberger, Council Member	June 30, 2013
Linda Herbst, Council Member/Deputy Mayor	June 30, 2013
Linda Little, City Clerk, appointed by Council	at will and pleasure of Council
Terrence Moore, City Manager, appointed by Council	at will and pleasure of Council

Utility Board

Pursuant to the Act and the Board Ordinance, the System is operated by a Utility Board appointed by the Council. The Utility Board is comprised of five residential customers of the Utility Board appointed by the Morgantown City Council for terms of five years. In addition to being customers of the System, up to two Utility Board members may be residents of Monongalia County residing outside of the City, and all others must be residents of the City. These individuals are responsible for the management, control, and operation of the system. The Utility Board selects a chair and other officers from its members annually. The names and terms of the current Utility Board members are:

Morgantown Utility Board Members

Member	Term Expires
J.T. Straface (Chairman)	November 1, 2012
William Burton (Vice Chairman)	November 1, 2013
John Ganz	November 1, 2015
Ron Bane (Treasurer)	November 1, 2014
Frank Scafella (Secretary)	November 1, 2016

Morgantown Utility Board Management

Timothy L. Ball –General Manager

Timothy L. Ball was appointed as the General Manager of the Morgantown Utility Board in October, 2010. Before serving as the General Manager, Mr. Ball served as the Assistant General Manager and Chief Engineer of the Morgantown Utility Board for 14 years.

Mr. Ball first joined MUB as its Senior Engineer in early 1988. He was instrumental in the development of operating plans and upgrade projects for the newly expanded utility. He contributed similarly to the recent startup of the stormwater utility at MUB.

Mr. Ball holds Bachelor of Science and Master of Science degrees in Civil Engineering from West Virginia University. He earned a Master's degree in Business Administration from WVU in 2000. He is a registered Professional Engineer and is also a licensed Land Surveyor. He has taught both civil engineering and business management courses at his alma mater.

Mr. Ball has been recognized by his peers as a leader in the utility industry. He served as Chair of the West Virginia section of the American Water Works Association (AWWA) in 1992, and served on the National Board of Directors of AWWA from 2000 to 2003. In 1994, he received from AWWA the George Warren Fuller Award for service to the water industry. He was recognized as the Young Engineer of the Year in 1988 by the West Virginia Society of Professional Engineers, and is a member of the Tau Beta Pi and Chi Epsilon engineering honoraries.

Mr. Ball actively participates in several other utility industry groups including the West Virginia Rural Water Association, the Water Environment Federation, and the West Virginia

Municipal Water Quality Association. He frequently speaks to state and national water industry audiences on the topics of leadership, effectiveness, strategic planning, and stormwater management.

Doug Smith – Assistant General Manager/Chief Engineer

Douglas R. Smith was appointed as the Assistant General Manager and Chief Engineer of the Morgantown Utility Board (MUB) in October, 2010. Before serving as the Assistant General Manager and Chief Engineer, Mr. Smith served as a Senior Engineer of MUB for 14 years.

Mr. Smith received his Bachelor of Science degree from West Virginia University in Civil Engineering and he is also a registered Professional Engineer. He began his career at MUB in May of 1988 as a Staff Engineer. In 1996, Mr. Smith was promoted to Senior Engineer, a position he held for 14 years.

Mr. Smith was instrumental in the startup of the stormwater utility and continues to be intimately involved in the establishment of rules and regulations set by the West Virginia Department of Environmental Protection and the West Virginia Public Service Commission.

Mr. Smith served on the board of the West Virginia Section of the American Water Works Association for 8 years and served as Chairman from 2006-2007. In 2008, he received the George Warren Fuller Award for service to the water industry. Mr. Smith currently serves as a board member for the West Virginia Rural Water Association.

Debbie Osborne – Comptroller

She manages both the Financial and Customer Information Systems. She is responsible for the preparation of budgets and financial reporting statements as well as all business and accounting operations of the Board. Ms. Osborne and her staff are responsible for the customer service functions for nearly 24,500 water customers and 19,000 sewer customers as well as providing these services for many neighboring utilities. Ms. Osborne holds the degrees of Bachelor of Science in Business Administration and Master of Professional Accountancy, both awarded by West Virginia University. Prior to joining the Utility Board in 1989, she worked for six years as an accountant for the University.

Dave Rife – Distribution Superintendent

Mr. Rife manages the Utility Boards largest department. He is responsible of the maintenance and construction of the water distribution and sewerage collection systems. In addition, Mr. Rife is responsible for the Utility Board vehicle fleet and its inventory and purchasing operation. Mr. Rife has been a Utility Board employee since 1983. He has worked at almost every assignment in the department that he now manages.

Greg A. Shellito – Manager of Treatment and Production Facilities

As Manager of Treatment and Production Facilities, Greg A. Shellito manages all of the Utility Board treatment and pumping operations. He and his staff are responsible for the operation

and maintenance of the Morgantown Water Treatment Plant, the Morgantown Wastewater Treatment Plant, and the newly acquired Cheat Lake Wastewater Treatment Plant. In addition, Mr. Shellito is responsible for 15 pumping and tankage systems in the water distribution system and 37 wastewater lift stations in the collection system. Mr. Shellito also acts as the Utility Board liaison to regulating federal and state agencies.

Prior to appointment his current position, Mr. Shellito served as Superintendent and Plant Engineer of the Wastewater Treatment Plant. He holds bachelor of science degrees in biology and chemistry from Gannon University in Erie, Pennsylvania, and a master of science in biology from West Virginia University. Mr. Shellito is an Environmental Engineer and is certified as a Registered Engineer in Training. He has been a licensed Class IV wastewater treatment plant operator since1988.

Mr. Shellito has published several articles in national professional journals. He is a member of several professional associations, including the West Virginia Water Environment Association, which he served as President, the American Water Works Association and the Rural Water Association.

Long Term Debt

	Prior Bonds Principal	Prior Bonds Interest	Series 2012 C Principal*	Series 2012C Interest*	Total
6/30/2011	2,081,452	2,813,386			4,894,838
6/30/2012	2,128,516	2,768,713			4,897,229
6/30/2013	3,547,925	3,099,836		41,436	6,689,196
6/30/2014	3,513,131	3,174,118	85,000	80,556	6,852,805
6/30/2015	3,587,564	3,110,086	90,000	78,558	6,866,207
6/30/2016	3,440,800	3,041,155	90,000	76,563	6,648,518
6/30/2017	3,280,705	2,974,674	95,000	74,481	6,424,860
6/30/2018	3,352,549	2,905,264	95,000	72,344	6,425,157
6/30/2019	3,420,132	2,833,021	95,000	69,731	6,417,884
6/30/2020	3,493,471	2,748,090	100,000	66,563	6,408,124
6/30/2021	3,572,584	2,650,477	105,000	63,231	6,391,292
6/30/2022	3,652,483	2,550,079	105,000	59,819	6,367,381
6/30/2023	3,733,176	2,446,083	110,000	56,325	6,345,584
6/30/2024	3,814,706	2,337,632	115,000	52,381	6,319,719
6/30/2025	3,902,064	2,225,474	120,000	47,975	6,295,513
6/30/2026	3,914,419	2,106,565	120,000	43,475	6,184,459
6/30/2027	3,765,962	1,977,789	125,000	38,881	5,907,632
6/30/2028	3,860,925	1,857,856	130,000	34,100	5,882,881
6/30/2029	3,514,940	1,724,887	135,000	28,794	5,403,621
6/30/2030	3,127,918	1,591,617	145,000	22,844	4,887,379
6/30/2031	3,226,697	1,459,373	150,000	16,575	4,852,645

6/30/2032	3,321,053	1,322,390	155,000	10,094	4,808,537
6/30/2033	2,284,890	1,185,091	160,000	3,400	3,633,381
6/30/2034	1,989,915	1,064,225			3,054,140
6/30/2035	2,065,012	940,293			3,005,305
6/30/2036	2,150,109	811,261			2,961,370
6/30/2037	2,235,208	676,809			2,912,017
6/30/2038	2,325,307	536,780			2,862,087
6/30/2039	2,415,406	391,011			2,806,417
6/30/2040	2,482,768	239,187			2,721,955
*Preliminary, subject to change.					

Long Term Debt Description

Bond Issue	Required Coverage	Issue Date	Project	Balance June 20, 2011	Annual Debt Service
1992	115%	September 15, 1992	Waste Water Treatment Plant	1,160,000	796,025
1995	115%	April 22, 1995	Lift Stations Upgrade	417,945	111,779
2000A	115%	February 8, 2000	Cheat Lake Sewer Plant	4,769,855	343,191
2000B	115%	February 8, 2000	Cheat Lake Sewer Plant	1,865,978	65,476
2001	115%	February 8, 2001	Water Treatment Plant Upgrade	1,423,723	339,402
2006	115%	June 30, 2006	WWTP Secondary Clarifier	5,603,877	424,240
2007	115%	August 14, 2007	Storm Water Improvements	7,917,130	470,988
2010A	115%	January, 2010	Water and Sewer Improvements	37,950,000	2,280,000
2010C	115%	January, 2010	Water and Sewer Improvements	11,972,372	1,017,898
2010D	115%	January, 2010	Water and Sewer Improvements	7,188,755	566,381
2010F	115%	January, 2010	Water and Sewer Improvements	7,250,000	1,155,252
2012A	115%	August, 2012	Water and Sewer Improvements	N/A	20,500
2012B	115%	August, 2012	Water and Sewer Improvements	N/A	0

MUB Customer Count

The average number of System customers for the past eight Fiscal Years are as follows:

Fiscal Year (ended 6-30)	Water Customers	Sewer Customers	Stormwater Customers
2004	21,434	15,041	—
2005	21,641	15,468	—
2006	22,400	15,958	—
2007	22,442	16,547	—
2008	22,930	16,982	14,026
2009	23,333	17,488	14,311
2010	23,786	18,105	14,428
2011	24,129	18,747	14,535

Morgantown Water - The Robert B. Creel Water Treatment Plant

The Morgantown Utility Board water system serves 24,509 customers. Water system facilities include 411 miles of pipelines, a 16 million gallon per day (MGD) water treatment plant, 15 booster pumping stations, and 34 water storage tanks with a combined volume of 18.8 million gallons. An upgrade of limited scope was done in 2004 to the water treatment plant, and included replacement of the electrical switch gear, addition of a 10 MGD high service pump, and installation of a radio-based SCADA (supervisory control and data acquisition) system. Those improvements were completed that year at a cost of $3.8 million. Design of an overall upgrade of the water treatment plant began in 2009. Construction of the overall water treatment plant upgrade began in 2010 and was completed in 2012. That project replaced the existing Monongahela River intake structure, added a membrane filtration process, expanded clear well storage and updated and improved the various chemical feed systems. The improved plant has an immediate capacity of 16 MGD, and can now be incrementally expanded to 24 MGD.

Water Usage — Annual Gallons Sold (PSC Annual Reports) (000 omitted)

Fiscal Year (ended 6-30)	Residential	Commercial	Industrial	Public Authorities	Other/ Resale	Total
2004	1,048,743	437,878	304,808	529,863	907,419	3,228,711
2005	1,047,848	449,476	284,977	559,146	891,629	3,233,076
2006	1,021,533	459,326	250,027	565,768	865,887	3,161,541
2007	1,043,501	509,490	205,022	552,692	928,923	3,239,628
2008	1,040,876	577,769	217,781	485,646	925,316	3,247,388
2009	1,042,549	595,255	217,599	423,858	919,550	3,198,811
2010	1,053,847	602,996	210,398	392,523	930,696	3,190,460
2011	1,061,014	647,452	220,861	384,454	924,140	3,237,921

The following table sets forth the **ten largest customers of the water portion** of the System and related annual revenues for the fiscal year ended June 30, 2011.

Top 10 Water Users
7/1/2010 – 6/30/2011

	Consumption (in 1,000s)	Revenue
West Virginia University	312,832	413,820
Cheat View PSD	284,675	352,911
Clinton Water Assn.	225,791	291,951
Clay Battelle PSD	139,119	178,404
Mylan Pharmaceuticals	143,705	187,244
Pleasant Valley PSD	111,387	144,483
Chemtura Corp.	103,406	133,674
Star City Water System	77,789	100,512
WVU Hospitals	77,489	102,283
Morgantown Energy Assoc.	47,571	61,413
Total	1,523,764	1,966,695
Total water operating revenue		5,407,000
Top ten as a percent of operating revenue		36%

Morgantown – Wastewater Treatment Plant

The Morgantown Utility Board (MUB) sanitary sewer system serves 16,843 customers. Sewer system facilities include 249 miles of pipelines, a 12 million gallon per day (MGD) wastewater treatment plant (WWTP) at Star City, 19 lift stations, and 40 combined sewer outfalls (CSO's). A $6.5 million upgrade to the WWTP was completed in 2008. That project included the addition of a secondary clarifier, the replacement of the belt filter presses, and update of the SCADA (supervisory control and data acquisition) system. The 2008 improvements increased plant capacity from 10 to 12 MGD, and were the first of several improvement phases in MUB's long-term control plan (LTCP). Additional improvements to the system were completed in 2012 at a cost of $15 million. The 2012 improvements included upgrades to the West Run and Deckers Creek lift stations, construction of 3 miles of new 18 inch and 36 inch force main along the Monongahela River, and installation of odor control systems at the Deckers Creek lift station and the WWTP. The original LTCP (developed in 2001) proposed improvements that were estimated to cost $77 million (in 2001 dollars) over the following 20 years. The LTCP was updated in 2011, and that revised plan now estimates that additional improvements will cost $134 million (in 2011 dollars), over the next 20 years. The full scope of the upgrades outlined in the 2011 update are unlikely to all be implemented, due to exceptions allowed by federal regulations; however, implementation of the next phase of improvements is more certain, with an estimated cost of $50 million (in 2011 dollars) and projected completion by 2017.

Cheat Lake – Wastewater Treatment Plant

The Morgantown Utility Board owns and operates a second, and separate sanitary sewer system in the Cheat Lake area of Monongalia County. The Cheat Lake sanitary sewer system serves 2,200 customers. Sewer system facilities there include 49 miles of pipelines, a 750,000 gallon per day (GPD) wastewater treatment plant (WWTP), and 18 lift stations. The Cheat Lake system

contains no combined sewers. The WWTP, lift stations, and major interceptors and force mains were constructed in 2000 at a cost of $10 million. Growth and demand for expanded utility services is generally strong throughout the MUB service area and particularly so in the Cheat Lake area.

The following table sets forth the **ten largest customers of the sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2011.

Top 10 Sewer Users
7/1/2010 – 6/30/2011

	Consumption	Revenue
West Virginia University	312,832	764,883
Mylan Pharmaceuticals	143,705	412,625
WVU Hospitals	77,489	246,022
R. F. Kennedy Youth Center	42,894	133,471
Morgantown Energy Assoc.	47,571	103,632
Monongalia General Hospital	21,883	68,127
EA Morgantown LLC	17,795	56,774
US Housing Partners X	13,612	43,235
Independence Hill MHC	12,993	40,479
Mega Builders, LLC	11,434	36,527
Total	702,208	1,905,775
Total sewer operating revenue		5,825,000
Top ten as a percent of operating revenue		33%

Morgantown Stormwater

The Morgantown Utility Board (MUB) stormwater system serves 14,615 customers. The West Virginia Department of Environmental Protection (DEP) implemented federal MS4 (Municipal Separate Storm Sewer System) regulations effective 2003, and the City of Morgantown added stormwater to the mission of MUB in that year. Prior to that, the stormwater system was maintained by the City Street department. The MUB stormwater utility was the first created in West Virginia, and has served as the model for others created statewide since that time. Under the utility, stormwater rates, based on measured impervious area, were enacted to fund a suitable annual budget for both ongoing operations and maintenance, and for capital improvements. The MUB stormwater service area is defined on a watershed basis, and therefore includes areas that flow into the City from beyond the municipal corporate limits. Stormwater system facilities include a known inventory of 103 miles of stormwater pipelines, but total system facilities length is estimated to be approximately 225 miles of pipelines and ditch lines combined. A mapping project to determine the full system inventory is underway, as required by recent federal regulations. An $8.5 million project was completed in 2009 to improve the Burroughs Run and Poponoe Run streams, providing stream restoration to stabilize the streams and to improve stream conveyance capacity in order to reduce the potential for flooding. A similar $2.475 million project is now proposed to improve and protect the

Sabraton area along the Hartman Run stream, and at the intersection of Hartman Run Road (W.V. Route 857) and W.V. Route 7.

Top 10 Stormwater Users
7/1/2010 – 6/30/2011

	Consumption	Revenue
West Virginia University	9,386,296	238,787
GP Management	1,865,307	47,453
Board of Education	1,444,547	36,749
WVU Hospitals	1,058,501	26,928
Mylan Pharmaceuticals	1,055,828	26,860
R. F. Kennedy Youth Center	914,791	23,272
City of Morgantown	841,634	21,411
Wal-Mart Stores	772,999	19,665
US Dept. Energy NETL	632,696	16,096
Monongalia General Hospital	395,021	10,049
Total	18,367,620	467,272
Total Stormwater Operating Revenue		1,630,000
Top ten as a percent of operating revenue		29%

Rates

Pursuant to the Act, the governing body of a municipality, or independent board charged with such responsibility, must fix minimum rates and charges for the use of its municipal water and sewerage systems and may increase such rates whenever deemed necessary. Such rates and charges are required by the Act to be sufficient at all times to provide for the payment of interest on all bonds issued pursuant to the Act and to create a sinking fund to pay the principal of such bonds as and when the same becomes due, and reasonable reserves therefore, to provide for the repair, maintenance and operation of the water and sewerage systems, to provide an adequate depreciation fund and to make any other payments required or provided for in the applicable bond ordinance.

Chapter 8, Article 20 of the Code of West Virginia, 1933, as amended, provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Such rates and charges must be filed with the Public Service Commission of West Virginia (the "PSC") but generally are not subject to regulatory approval. However, any customer of a municipally operated utility aggrieved by a rate change may present to the PSC within 30 days of the enactment of the ordinance providing for the change a petition signed by not less than 25 percent of the customers served by the utility. Within 100 days from the filing of any such petition, a hearing examiner must issue an order approving, disapproving or modifying the rate increase. Such order has the full force and effect of an order issued by the PSC. Also, if a municipally operated utility serves customers outside the boundaries of the municipality, the PSC is empowered to review, approve or modify such

rates if, within 30 days of the adoption of the ordinance providing for such rates, a customer (including a wholesale user) alleges that such rates constitute discrimination between customers within and without the municipal boundaries. The PSC may determine the method by which such rates are reviewed and may grant and conduct a new hearing on the matter if the customer or the municipality requests such a bearing.

A rate increase for stormwater service has been introduced and passed in 2012 that will fund the projects related to the Series 2012 C Bonds.

Operating and Capital Budgets

Operating and Capital budgets are prepared and approved annually by the Utility Board. The following pages include copies of the Fiscal Year 2013 water, sewer and stormwater budgets for the Utility Board. Due to aggressive and pro-active spending on capital improvements, the Water Capital Budget, Sewer Capital Budget and Cheat Sewer Capital Budget each project a deficit for the 2013 fiscal year. These deficits will be offset by transfers from the Utility Board's reserve, which currently contains over $6 million. See "Appendix C—Financial Statements of the Utility Board," Audit p.10.

[Remainder of this page is intentionally blank.]

MORGANTOWN UTILITY BOARD
WATER OPERATING BUDGET SUMMARY

	BUDGET 2013
REVENUES	
SALE OF WATER	9,928,475
PENALTIES	120,000
RENTS	33,000
INTEREST INCOME	90,000
PROFIT SALES	20,000
BILLING SERVICE FEES	120,000
ACCOUNT & RECONNECT CHARGES	22,000
BAB TAX SUBSIDY	797,610
MISCELLANEOUS BILLING	5,000
TOTAL REVENUES	11,136,085
OPERATING EXPENSES	
SOURCE OF SUPPLY	49,500
BOOSTERS AND TANKS	639,200
PURIFICATION	1,888,150
TRANSMISSION & DISTRIBUTION	1,246,000
CUSTOMERS ACCTG & COLLECTING	265,000
ADMINISTRATIVE & GENERAL	2,768,605
TOTAL EXPENSES	6,856,455
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	
2001 ISSUE	339,402
2010 A ISSUE	2,280,000
2010 F ISSUE	1,155,252
2010 D ISSUE	519,185
2010 E ISSUE	5,573
2011 ISSUE	
TOTAL DEBT SERVICE	4,299,412
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	(19,782)

MORGANTOWN UTILITY BOARD *WATER CAPITAL BUDGET*	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM WATER RATES	(19,782)
MUNICIPAL BOND PROCEEDS	3,213,316
DHHR LOAN PROCEEDS	558,600
QUARRY RUN - AML GRANT / UDC	2,244,398
REFUNDABLE CONSTRUCTION DEPOSITS	500,000
SERVICE CONNECTION FEES	150,000
CONTRIBUTION IN AID OF CONSTRUCTION	800,000
TOTAL FUNDING	7,446,532
PURCHASES	
PURCHASE OF NEW EQUIPMENT - SHOP	207,000
PURCHASE OF NEW EQUIPMENT- OFFICE	26,220
PURCHASES - WATER TREATMENT- PLANT	5,000
TOTAL	238,220
METERS AND SERVICES	
NEW METERS 5/8 X3/4	28,750
NEW METERS 1 1/2"	1,000
NEW METERS 2"	5,000
NEW METERS 1"	500
NEW METERS INSTALLATION 5/8" X 3/4"	350,000
NEW METER INSTALLATION	5,000
NEW SERVICE INSTALLATION 1-1/2"	15,000
NEW SERVICE INSTALLATION 2"	1,500
RENEWAL SERVICE 3/4"	75,000
RENEWAL SERVICES 1"	5,000
RENEWAL SERVICES 2"	15,000
MOVE METER OUTSIDE	7,500
TOTAL	509,250
PROJECTS	
REPLACEMENT MAINS	350,000
NEW MAINS	700,000
REFUND FOR CONSTRUCTION DEPOSIT	125,000
FENCING & OVERFLOW PIPES	25,000
WTP IMPROVEMENTS	1,645,147
OTHER MUNICIPAL BOND PROJECTS	-
GIS	490,000
CONTROL VALVES CHAPLIN, UHS, GREYST	124,000
WTP SHOP ADDITION	125,000
HIGH ST FIRE FLOW IMPROVEMENTS	175,000
CHLORINATION BOOSTER DESIGN/CONST	200,000
GENER SWITCHGEAR @ MAJOR BOOSTER ST	200,000
REPLACE CHERRY HILL BOOSTER	110,159
COBUN CREEK DAM SPILLWAY IMPROVE	144,000
DHHR FUNDED PROJECTS	227,200
OTHER DHHR FUNDED PROJECTS	-
OFFICE AND SHOP ROOF	185,400
WTP FILTER BUILDING ROOF	60,000
COBUN CREEK DAM SPILLWAY IMPROVE	106,000
QUARRY RUN / WHISPERING WOODS	2,275,126
AIRPORT WATER LINE	600,000
TIBBS RUN DAM BREACH	75,000
COMPUTER HARDWARE/SOFTWARE	54,740
ASSET MGMT, EQUIP,LICENSING & UPGRADES	-
TOTAL	7,976,782
TOTAL CAPITAL IMPROVEMENT	8,724,252
SURPLUS OR DEFICIT	(1,277,720)

MORGANTOWN UTILITY BOARD *SEWER OPERATING BUDGET SUMMARY*	BUDGET 2013
REVENUES	
SEWERAGE SERVICE REVENUES	7,650,000
PENALTIES	80,000
OTHER SERVICE SYSTEM REVENUE	970,000
OTHER SEWERAGE SERVICE REVENUE	22,000
INTEREST INCOME	80,000
PROFIT SALES & CONSTRUCTION	10,000
MISCELLANEOUS REVENUES	250
TOTAL REVENUES	8,812,250
OPERATING EXPENSES	
COLLECTING EXPENSES	884,000
PUMPING EXPENSES	353,475
TREATMENT & DISPOSAL EXPENSE	725,850
SUPPLIES & EXPENSES CHEMICAL	169,500
MT, S&E, 2ND TMT, RBC & EQUIPMENT	159,000
MT, LABOR, 2ND TMT, RBC & EQUIPMENT	172,000
BILLING & COLLECTING EXPENSE	245,400
ADMINISTRATION & GENERAL EXPENSES	2,477,670
TOTAL EXPENSES	5,186,895
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	
1992 BONDS	398,012
1995 BONDS	97,202
2006 BONDS	389,664
2010C BONDS	870,852
2012 BONDS	64,860
TOTAL DEBT SERVICE	1,820,590
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	1,804,765

MORGANTOWN UTILITY BOARD
SEWER CAPITAL BUDGET

	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM SEWER RATES	1,804,765
SRF LOAN FUNDS	419,243
SRF CONTINGENCY DOLLARS	609,000
BOND/GRANT/CONTRIB - CIP CLOSE OUT	147,600
REFUNDABLE CONSTRUCTION DEPOSITS	500,000
SERVICE CONNECTION FEES	45,000
CONTRIBUTION IN AID OF CONSTRUCTION	575,000
TOTAL FUNDING	4,100,608
PURCHASES	
PURCHASES - SHOP	184,500
PURCHASE NEW EQUIPMENT WWTP	11,000
PURCHASE OF NEW EQUIPMENT - OFFICE	23,370
TOTAL	218,870
PROJECTS	
NEW MAINS	600,000
REPLACEMENT MAINS	578,548
REFUND FOR CONSTRUCTION DEPOSIT	200,000
ASSET MGMT, COMP EQUIP, LICENSE	-
DORSEY KNOB LIFT STATION UPGRADE	200,000
SRF FUNDED PROJECTS	161,800
AIRPORT SEWER	1,000,000
EMERGENCY GENERATOR HOOKUPS	50,000
OFFICE AND SHOP ROOF	147,600
COMPUTER HARDWARE / SOFTWARE	48,790
WWTP CLARIFIER SWEEPER ARM REPLACE	60,000
WWTP LIGHTING UPGRADE	30,000
GIS	75,000
SRF FUNDED - RAIL TRAIL SLIP	1,000,000
DOH - RELOCATING ICES FERRY BRIDGE	-
LONG TERM CONTROL PLAN	30,000
TOTAL	4,181,738
TOTAL CAPITAL IMPROVEMENTS	4,400,608
SURPLUS OR DEFICIT	-300,000

MORGANTOWN UTILITY BOARD *CHEAT SEWER OPERATING BUDGET SUMMARY*	BUDGET 2013
REVENUES	
SEWERAGE SERVICE REVENUES	1,150,000
PENALTIES	15,000
TOTAL REVENUES	1,165,000
OPERATING EXPENSES	
COLLECTING EXPENSES	90,000
PUMPING EXPENSES	125,150
TREATMENT & DISPOSAL EXPENSE	271,050
BILLING & COLLECTING EXPENSE	68,500
ADMINISTRATION & GENERAL EXPENSES	318,282
TOTAL EXPENSES	872,982
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	388,860
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	(96,842)

MORGANTOWN UTILITY BOARD *CHEAT SEWER CAPITAL BUDGET*	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM SEWER RATES	(96,842)
SERVICE CONNECTION FEES	25,000
BOND/GRANT/CONTRIBUTIONS - CIP CLOSE OUT	18,000
REFUNDABLE CONSTRUCTION DEPOSITS	100,000
CONTRIBUTIONS IN AID OF CONSTRUCTION	
TOTAL FUNDING	46,158
PROJECTS	
REFUNDS RCDs	110,000
NEW & REPLACEMENT MAINS	100,000
RCD EXTENSIONS	300,000
OFFICE AND SHOP ROOF	18,000
EQUIPMENT PURCHASES	25,350
COMPUTER HARDWARE / SOFTWARE	5,950
GIS	15,000
ASSET MGMT, COMP EQUIP, LICENSE	
TOTAL CAPITAL IMPROVEMENTS	574,300
SURPLUS OR DEFICIT	(528,142)

MORGANTOWN UTILITY BOARD
STORM WATER OPERATING BUDGET SUMMARY

	BUDGET 2013
REVENUES	
STORM WATER SERVICE FEE	1,800,000
PENALTIES	25,000
TOTAL REVENUES	1,825,000
OPERATING EXPENSES	
COLLECTING EXPENSES	344,500
BILLING & COLLECTING EXPENSE	72,000
ADMINISTRATION & GENERAL EXPENSES	460,929
TOTAL EXPENSES	877,429
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	
2007 ISSUE	426,800
2012 ISSUE	125,925
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	394,846

MORGANTOWN UTILITY BOARD
STORM WATER CAPITAL BUDGET

	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM STORM WATER RATES	394,846
CONTRIBUTIONS IN AID OF CONSTRUCTION	75,000
DEBT SERVICE RECEIVED IN ADVANCE - SABRATON	50,000
BOND/GRANT/CONTRIBUTIONS - CIP CLOSE OUT	29,000
BOND/GRANT/CONTRIBUTIONS - SABRATON	2,547,000
TOTAL FUNDING	3,095,846
PROJECTS	
NEW AND REPLACEMENT SERVICES	40,000
NEW AND REPLACEMENT MAINS	359,766
SABRATON / HARTMAN RUN ROAD	2,597,000
XP SWMM SOFTWARE	-
ASSET MGMT, COMP EQUIP, LICENSE	-
OFFICE AND SHOP ROOF	29,000
EQUIPMENT PURCHASES	40,560
COMPUTER HARDWARE / SOFTWARE	9,520
GIS	20,000
TOTAL CAPITAL IMPROVEMENTS	3,095,846
SURPLUS OR DEFICIT	-

Historical and Projected Debt Service Coverage (Fiscal Year Ended June 30)

	2009	2010	2011	Unaudited 2012	Projected 2013	Projected 2014	Projected 2015
Total Operating Revenues	14,548,013	15,329,210	15,574,960	18,916,676	21,935,475	22,374,185	22,821,668
Total Operating Expenses	14,761,487	14,226,473	14,394,604	15,308,271	17,663,761	18,825,000	19,950,000
Other Gain or Loss	-15,913	-607,393	-584,431	-1,242,974	-2,138,411	-2,353,961	-2,205,879
Net Income/(Loss)	-229,387	495,344	595,925	2,365,430	2,133,303	1,195,224	665,789
Interest Expense	302,065	1,183,914	1,994,761	2,112,858	3,141,271	3,254,674	3,188,644
Depreciation Expense	3,914,079	3,630,905	3,660,907	3,753,000	4,500,000	5,200,000	5,900,000
Available for Debt Service	3,986,757	5,310,163	6,251,593	8,231,288	9,774,574	9,649,898	9,754,433
Debt Service Requirement	2,131,377	2,544,102*	2,926,948*	5,357,655*	6,689,196	6,852,805	6,866,207
Coverage	187%	209%	214%	154%	146%	141%	142%

*Net of Capitalized Interest

Method of Accounting

The accounts of the Water, Sewer and Stormwater Funds are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the City accounts are maintained in accordance with generally accepted accounting principles. Perry & Associates, Certified Public Accountants, A. C., audited the records of the City for the fiscal year ended June 30, 2011. (See Appendix C - "Financial Statements of the Utility Board".)

APPENDIX C

Financial Statements of the Utility Board

Audited Financial Statement for Fiscal Year Ending June 30, 2011

MORGANTOWN UTILITY BOARD
(Component Unit of the City of Morgantown)
Monongalia County
Single Audit
For the Years Ended June 30, 2011 and 2010

Perry & Associates
Certified Public Accountants, A.C.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
Monongalia County

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Net Assets	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Schedule of Federal Awards Expenditures	25
Notes to the Schedule of Federal Awards Expenditures	26
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By *Government Auditing Standards*	27
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance in Accordance with OMB Circular A-133	29
Schedule of Audit Findings	31
Supplementary Financial Information:	
Water Department Statement of Revenues, Expenses and Changes in Net Assets	33
Sewer Department Statement of Revenues, Expenses and Changes in Net Assets	35
Cheat Sewer Department Statement of Revenues, Expenses and Changes in Net Assets	37
Storm Water Department Statement of Revenues, Expenses and Changes in Net Assets	39

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

October 28, 2011

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of the Morgantown Utility Board (the Board), a component unit of the City of Morgantown, as of June 30, 2011 and 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Morgantown Utility Board as of June 30, 2011 and 2010, and the respective changes in its financial position and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Board's basic financial statements taken as a whole. The supplementary financial information provides additional analysis and is not a required part of the basic financial statements. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary financial information and federal awards expenditure schedule are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary financial information and federal awards expenditure schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Morgantown Utility Board offers the following overview and analysis of the basic financial statements for the fiscal year ended June 30, 2011. Management encourages readers to utilize information in the Management Discussion and Analysis in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- On January 28, 2010, MUB closed on three separate Combined System Revenue Bonds to finance $70 million of capital improvements. As of June 30, 2011, nearly $48.5 million of the bond proceeds have been spent on capital improvements.

- MUB's combined operating revenues and expenses remained fairly stable over the past fiscal year. We saw increases in operating revenue of 1.6% and a 1.2% increase in operating expenses.

- MUB's net property plant and equipment increased by over $35.5 million in 2011. Additions to utility plant in service were nearly $3.6 million. Retirements from utility plant in service totaled approximately $208,000. Because of several large on-going construction projects, construction work in progress totaled $69 million at June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements provide information about the activities of MUB as a whole. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Board as a whole and present a long-term view of the Board's finances.

Reporting Morgantown Utility Board as a Whole

The Morgantown Utility Board operates all activities as propriety funds, same as a private business. MUB's basic financial statements include four components:

The Statement of Net Assets presents information on MUB's assets and liabilities with the difference between the two reported as Net Assets.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how MUB's net assets changed during the two most recent fiscal years. Results of operations are reported as underlying events occur, regardless of the timing of the cash flows. Revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods, (For example: billed but uncollected revenues, and employee earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital financing, and investing activities.

The Notes to the Basic Financial Statements provide additional information that is essential to fully understand the data provided in the financial statements.

FINANCIAL ANALYSIS

Changes in Net Assets

Net Assets

MUB's combined net assets increased by $2,623,646 over the previous year to $91,916,097. Of this total $79,241,567 was invested in capital assets net of related debt, $2,083,775 restricted for debt service, and $10,590,755 unrestricted.

Schedule of Net Assets

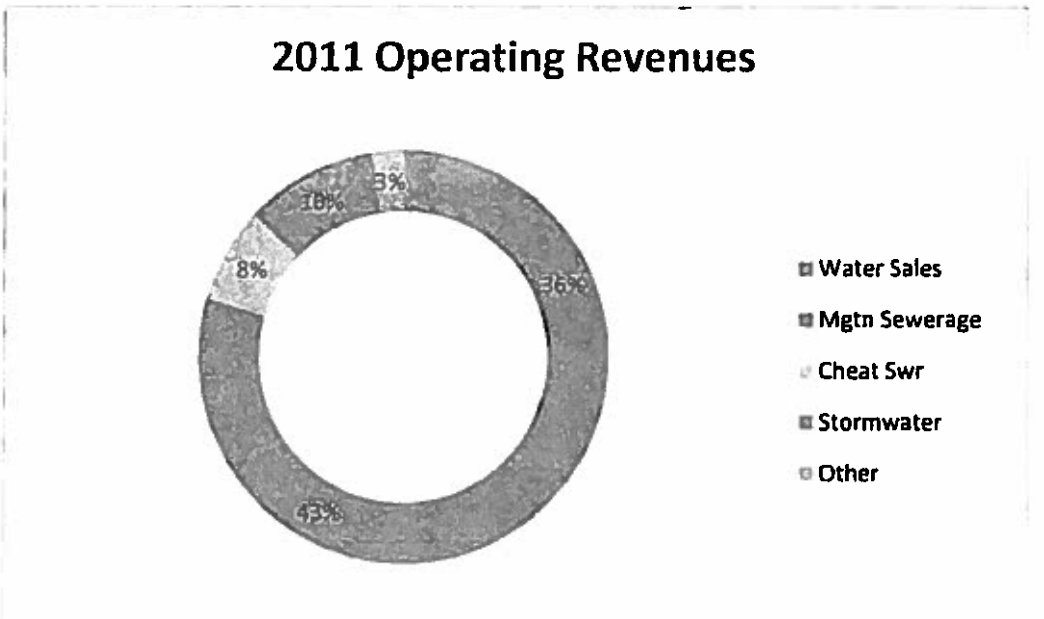
	2011	2010	2009
Assets			
Current Assets	$ 5,977,560	$ 7,664,684	$ 3,509,668
Noncurrent Assets	22,588,857	47,510,856	3,408,753
Capital Assets, net	166,935,801	131,347,584	119,533,192
Total Assets	$ 195,502,218	$ 186,523,124	$ 126,451,613
Liabilities			
Current Liabilities	6,800,169	9,661,463	3,235,746
Noncurrent Liabilities	96,785,952	87,569,210	36,526,467
Total Liabilities	$ 103,586,121	$ 97,230,673	$ 39,762,213
Net Assets			
Invested in capital asset net of related debt	79,241,567	53,345,506	92,511,185
Restricted for Debt Service	2,083,775	4,026,476	308,320
Unrestricted	10,590,755	31,920,469	(6,130,105)
Total Net Assets	$ 91,916,097	$ 89,292,451	$ 86,689,400

Schedule of Revenues, Expenses and Changes in Net Assets

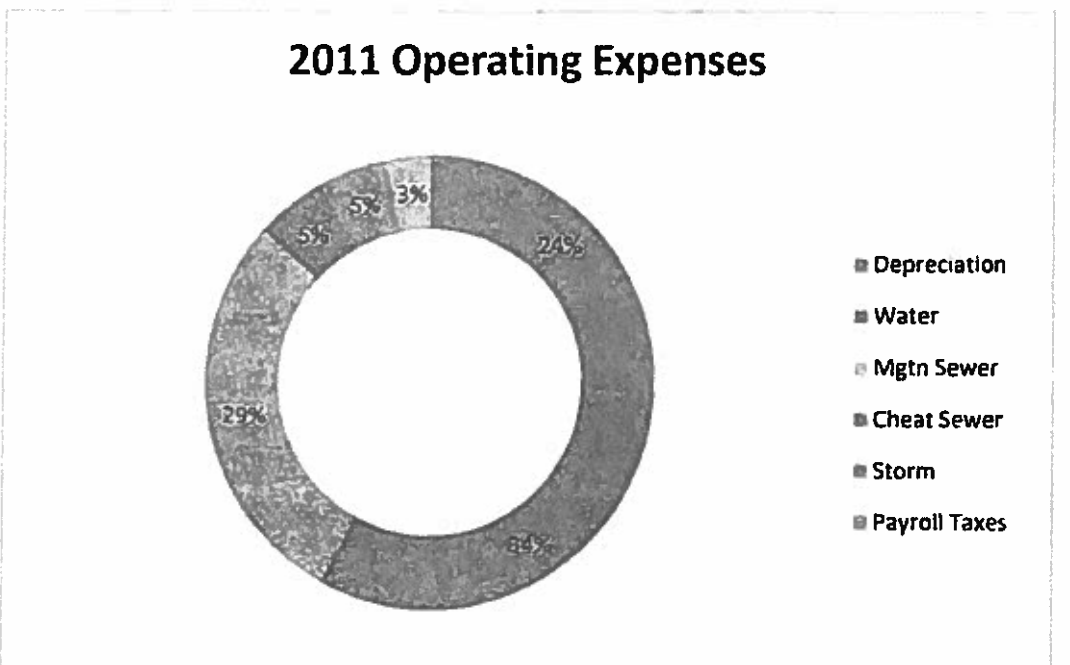
	2011	2010	2009
Operating Revenues:			
Water Sales	$ 5,679,510	$ 5,583,203	$ 5,467,318
Sewer Sales	7,873,064	7,724,964	7,272,620
Storm Water Sales	1,629,561	1,611,339	1,487,099
Misc / Other	392,825	409,704	320,976
Total Operating Revenues	15,574,960	15,329,210	14,548,013
Operating Expenses:			
Operations	8,772,367	8,335,706	8,634,585
Maintenance	2,156,806	2,275,338	2,392,822
Depreciation	3,465,431	3,615,429	3,734,080
Total Operating Expenses	14,394,604	14,226,473	14,761,487
Operating Income	1,180,356	1,102,737	(213,474)
Net Nonoperating Income (Expense)	(584,431)	(607,393)	(15,913)
Income Before Contributions	595,925	495,344	(229,387)
Capital Contributions	2,027,721	2,107,707	2,664,711
Change in Net Assets	2,623,646	2,603,051	2,435,324
Net Assets Beginning of Year	89,292,451	86,689,400	84,254,076
Net Assets End of Year	$ 91,916,097	$ 89,292,451	$ 86,689,400

Operating revenues of $15,575,000 increased by $246,000 from the prior fiscal year. The current year increase could be contributed to system growth. The number of water customers increased by 1.5% and sewer customers by 3.5% from the prior fiscal year. Service revenues are the primary revenue source accounting for 97% of operating revenues.

Income from investments increased by $390,792 compared to 2010. Income from the investment portfolio is used to subsidize both operations and maintenance as well as system capital improvements. At June 30, 2011, the market value of the portfolio was in excess of $7 million. Cost exceeded market by $400,000.



Operating expenses in 2011 remained nearly constant over 2010, increasing by $168,000. From year to year we will see shifts in operation and maintenance costs between water, sewer and stormwater depending upon concentration of efforts.



Budgetary Highlights

The Morgantown Utility Board Members approve each year the Utility's budget. Over the course of the year, significant deviations from budget are noted and reported on a monthly basis to Board Members.

In 2011, MUB budgeted revenues were $15.4 million actual revenues were $15.7 million. Actual revenues exceeded budget by $287,000 or 2%. Budgeted expenses were $11.8 million. Actual expenses were $11.6 million - 1.5% under budget.

A total of $39 million was spent on capital improvements.

Capital Asset and Debt Administration

Capital Assets

At the end of 2011, MUB had $246 million invested in capital assets ($167 million net of accumulated depreciation), including treatment facilities; buildings; equipment; and water, sewer, and storm lines. Major additions during the fiscal year included:

- $23,335,000 - Upgrades to the Morgantown water treatment plant including installation of a membrane filtration system.
- $1,336,000 - Upgrades to Deckers Creek pump station and installation of a new force main from the Decker's Creek Lift Station to the Morgantown waste water treatment plant.
- $1,180,000 - Additions and upgrades to main office and shop including complete replacement of the HVAC system in the main office.
- $1,190,000 - WTP Force Main-Installation of approx. 8,000 feet of 16" Ductile Iron force main from the Water Treatment Plant to the Decker's Creek Lift Station.
- $1,168,000 - Install new 16" water line in South University Avenue from Garret Street to Fayette Street. Installation of approximately 1,700 feet of 16" Ductile Iron Water line to replace existing 12" and 8" water lines.
- $1,080,000 - Deckers Creek Yard Piping and Grit Chamber. Includes installation of a Grit Chamber to remove grit prior to entering the Decker's Creek Lift Station. Approx. 8 large diameter valves (12-24 - inch) and a Flow Meter with associated 12, 16, and 24-inch piping.
- $1,003,000 - Install new 2 million gallon water tank at Wiles Hill. Includes stabilization of the mining voids located beneath the site, foundation, and a 2 million gallon glass lined storage tank
- $846,000 - Install 16" water line from Sterling Faucet property to Brookhaven to replace an antiquated 12" water line and provide a redundant feed to the Union District system
- $797,000 - Install new 1 million gallon water tank at Osage Includes site preparation, foundation, and a 1 million gallon glass lined water storage tank.
- $704,000 - Installation of a 24" waterline from Garret Street to the Suncrest Booster Station along the rail trail in order to provide a redundant feed to the station.
- $590,000 - Morgantown waste water treatment plant odor control project.
- $564,000 - Install 16" waterline from Scotts Run booster station to the New Hill tank
- $569,000 - Build new access road for use by distribution department. Includes installation of 950 feet of paved roadway and "Culvert/Bridge" stream crossing and a new entrance onto Greenbag Road with improved sight distance.
- $412,000 - Improvements to Deckers Creek Pump Station. Installation of 2 - Flyght NT3306 pumps and associate internal piping.

Capital Asset and Debt Administration (continued)

Capital Assets (continued)

- $353,000 - Installation of New Lift Station to serve effluent from the Water Treatment plant and transport it to the Decker's Creek lift station or ultimately directly to the Waste Water Treatment Plant.
- $325,000 - CSO 039 piping upgrade at Morgantown waste water treatment plant. To include approx. 150 feet of 42-inch pipe to replace the existing 30-inch piping.
- $306,000 - NM12 capacity improvements necessary to take full advantage of the upgrades at the West Run Lift Station and Forcemain.
- $543,000 of annual refunds of construction deposits to developers on main line extension projects for customers accepting service from the extension.

Long-term Debt

On January 28, 2010 MUB issued 2010 Series A Build America Bonds principal amount $37,950,000, Series F Tax Exempt Bonds principal amount $7,250,000, 2010 Series B West Virginia SRF Program/ ARRA principal amount $81,600, 2010 Series C West Virginia SRF Program principal amount $15,203,668, 2010 Series D West Virginia DWTRF Program principal amount $9,317,286, and 2010 Series E West Virginia DWTRF Program/ARRA principal amount $100,000.

Bond proceeds are to fund several major capital improvement projects, many of which are included in the Capital Asset section above. Cumulative draws are $12,054,000 for the SRF Program Bonds and $7,289,000 for the DWTRF Program Bonds through June 30, 2011. Total spent of the municipal issues of Series A and F through June 30 was $29,080,525.

MUB retired $2.1 million of existing debt. At June 30, 2011, MUB had $88 million revenue and refunding bonds outstanding on the balance sheet. More information regarding terms can be found in Note 6 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Throughout the 2010-2011 fiscal year, the Morgantown Utility Board (MUB) worked to continue implementation of a major capital improvement program (CIP). That program solves significant capacity issues within the water treatment plant, and also makes improvements to both the water transmission / distribution systems and the sewage collection / transmission systems.

The Morgantown City Council approved the rates to fund the CIP in July 2009, and established January 1, 2012 as the effective date thereof. The effective date coincides with the projected completion of construction, which remains on schedule.

MUB has continued to complete routine water/sewer line extensions for new apartments and housing units. The pace of new construction for system additions has not been as rapid as in the past due to a slowdown in the economy.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

MUB has been working closely with its consulting engineer, Strand Associates, in updating the Morgantown Long Term Control Plan (LTCP). This document will provide information on how MUB can minimize and better manage its Combined Sewer Overflows (CSO's). It will provide guidance for Wastewater Treatment Plant (WWTP) upgrades and collection/transmission system improvements that will meet the requirements of the West Virginia Department of Environmental Protection (DEP). This document will provide guidance for capital project budgeting of the sewer system for the next ten (10) years, or more. It is due to be completed and submitted to DEP in December 2011.

In addition to the above, MUB will focus on renewal and/or replacement of aging, or otherwise inadequate facilities. In the water system, priority will be given to lines that have been identified through a problematic leak history, or by having required excessive maintenance due to the age of the pipe. In our sanitary and storm sewer systems, priority will be given to lines that have been identified through a problematic history of backups or other similar flow related failures, or by having required excessive maintenance due to the age of the pipe. Our annual budget for capital improvements will be centered on these replacement projects, as particular portions of the piping networks are recognized to have reached the end of their useful lives.

MUB also expects to see a growing shift of costs from the capital budgets to the operation and maintenance budgets of the water, wastewater and stormwater operations. This results from a combination of the above mentioned economic slowdown and related decline in system additions, coupled with increasing efforts to improve system operations through maintenance activities such as hydrant flushing, mainline cleaning, tank painting, etc.

Additional operating costs are expected in water operations from new efforts to monitor and minimize impacts upon the raw water supply from gas drilling operations in the Marcellus Shale.

MUB will continue to be guided by existing and future regulatory mandates that define increasingly stringent quality standards for its water, wastewater and stormwater operations.

CONTACTING MUB'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of MUB's finances and to demonstrate MUB's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Morgantown Utility Board, Controller's Office, 278 Greenbag Road, Morgantown, West Virginia.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENT OF NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 2,194,229	$ 3,987,322
Accounts Receivable Net	1,196,539	1,207,822
Other Accounts Receivable	595,877	623,960
Interest and Dividend Receivable	34,975	33,323
Materials at Average Cost	845,939	724,906
Deposits and Prepayments	48,118	43,649
Accrued Utility Revenue	1,061,883	1,043,693
Total Current Assets	5,977,560	7,664,684
Capital Assets		
Construction in Progress	68,869,108	33,243,350
Land	1,450,727	1,388,625
Intangible Plant	376,834	376,834
Building & Structure	21,320,690	21,319,000
Water Transmission & Distribution System	50,735,401	49,638,079
Sewer and Storm Collection System	65,501,738	63,249,939
Treatement Plant Equipment	30,877,264	30,865,780
Office Furniture, Equipment and Computer System	2,473,985	2,433,138
Vehicles and Heavy Duty Equipment	4,408,999	4,408,999
Total Capital Asset	246,014,746	207,023,744
Less Accumulated Depreciation	(79,078,945)	(75,676,160)
Total Net Capital Assets	166,935,801	131,347,584
Restricted Assets		
Sinking Fund Investments	2,083,775	4,026,476
Bond Construction Accounts	11,155,868	14,682,940
Total Restricted Assets	13,239,643	18,709,416
Noncurrent Assets		
Investments	7,023,085	6,452,085
Deferred Financing Costs	2,289,691	2,309,097
Other Net	36,438	40,258
Total Noncurrent Assets	9,349,214	8,801,440
TOTAL ASSETS	$ 195,502,218	$ 186,523,124
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 1,866,931	$ 6,593,830
Accrued Payroll	412,927	611,424
Billing Services Payable	185,584	186,752
Current Portion of Long Term Debt	2,128,512	2,090,912
Deferred Revenue	65,558	81,814
Other Accrued Liabilities	120,353	74,931
Total Current Liabilities	6,800,169	9,661,663
Noncurrent Liabilities		
Liabilities from Restricted Assets		
Customer deposits	536,561	458,273
Accrued Administrative Costs on Bonds	6,913	6,986
Accrued Interest on Bonds	28,226	31,911
Interest on Customer Deposits	6,359	6,340
Total Liabilities from Restricted Assets	578,059	503,462
Advances on Construction	10,642,170	11,154,582
Long Term Bonds Payable	85,565,723	75,911,166
Total Noncurrent Liabilities	96,785,952	87,569,210
TOTAL LIABILITIES	$ 103,586,121	$ 97,230,673
Net Assets		
Invested in Capital Assets, Net of Related Debt	79,240,567	53,343,506
Restricted Net Assets	2,083,775	4,026,476
Unrestricted Net Assets	10,590,755	31,920,469
Total Net Assets	91,916,097	89,292,451
TOTAL LIABILITIES AND NET ASSETS	$ 195,502,218	$ 186,523,124

The notes to the financial statements are an integral part of this statement

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES:		
Water Sales Revenue	$ 5,679,510	$ 5,583,203
Sewerage Service Revenue	7,873,064	7,724,964
Storm Water Service Revenue	1,629,561	1,611,339
Billing Services Revenue	167,141	122,122
Forfeited Discounts	74,492	71,150
Rents from Water Property	75,285	150,390
Service Connection Fees - Water	20,360	20,515
Other Operating Revenues	55,547	45,527
Total Operating Revenues	15,574,960	15,329,210
WATER OPERATING EXPENSES:		
Source of Supply	2,721	4,362
Pumping	714,723	620,991
Water Treatment	1,541,186	1,616,647
Transmission and Distribution	1,971,128	1,912,713
Customer Accounts	205,293	204,649
Administrative and General	1,860,931	1,806,276
Total Water Operating Expenses	6,295,982	6,165,638
SEWER OPERATING EXPENSES:		
Collecting	2,125,399	2,110,519
Pumping	541,960	559,408
Treatment and Disposal	1,848,475	1,938,145
Billing and Collecting	280,009	257,718
Administrative and General	2,214,827	2,138,186
Total Sewer Operating Expenses	7,010,670	7,003,976
STORM WATER UTILITY OPERATING EXPENSES:		
Collecting	679,408	661,331
Billing and Collecting	61,968	66,567
Administrative and General	346,576	328,961
Total Stormwater Operating Expenses	1,087,952	1,056,859
Total Operating Expenses	14,394,604	14,226,473
Operating Income(Loss)	1,180,356	1,102,737
NONOPERATING REVENUES (EXPENSES)		
Investment Income	667,390	276,598
Interest on Financing	(1,994,761)	(1,183,914)
Other Revenue (Expense)	742,940	299,923
Total Non-Operating Revenues(Expenses)	(584,431)	(607,393)
Net Income/(Loss) Before Invested in Capital Assets	595,925	495,344
Contributed Capital	2,027,721	2,107,707
Change in Net Assets	2,623,646	2,603,051
Total Net Assets-Beginning of Year	89,292,451	86,689,400
Total Net Assets-Ending of Year	$ 91,916,097	$ 89,292,451

The notes to the financial statements are an integral part of this statement

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities:		
Cash Received from Sales and Tap Fees	$ 15,198,486	$ 14,738,874
Cash Received from Rental Fees	75,285	150,390
Cash Received from Reimbursement and Miscellaneous Income	297,180	238,799
Cash Payments to Suppliers for Goods and Services	(6,184,894)	(5,666,185)
Cash Payments to Employees for Services	(4,869,133)	(4,777,339)
Net Cash Provided by (Used by) Operations	4,516,924	4,684,539
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(39,199,072)	(11,710,749)
Proceeds from New Issuance	11,773,609	53,119,986
Principal Paid on Long-Term Debt	(2,081,452)	(2,039,915)
Interest Paid	(1,998,446)	(1,187,679)
(Increase) Decrease in Sinking Fund	1,942,701	(3,718,156)
(Increase) Decrease in Bond Construction Account	23,527,072	(34,682,940)
Advances on Construction	(356,077)	91,313
Increase in Deferred Financing Net of Amortization	-	2,127,610
Customer Deposits Including Interest	78,355	26,192
Other Nonoperating Income	570,472	299,923
Change in Other Assets Net	3,820	(31,383)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(5,739,018)	2,294,202
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments	1,408,702	1,090,076
Purchase of Investments	(2,645,439)	(4,443,664)
Interest Received	665,738	260,050
Net Cash Provided by (Used by) Investing Activities	(570,999)	(3,093,538)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,793,093)	3,885,203
Cash and Cash Equivalents - July 1	3,987,322	102,119
Cash and Cash Equivalents - June 30	2,194,229	3,987,322
Cash Flows from Operating Activities:		
Operating Income	1,180,356	1,102,737
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	3,660,907	3,630,905
(Increase) Decrease in Accounts Receivable	39,369	(267,359)
(Increase) Decrease in Materials	(121,033)	(50,280)
(Increase) Decrease in Deposits and Prepayments	(4,469)	(919)
(Increase) Decrease in Accrued Utility Revenue	(18,184)	65,293
Increase (Decrease) in Accounts Payable	(48,023)	202,092
Increase (Decrease) in Accrued Payroll	(200,497)	43,904
Increase (Decrease) in Billing Services Payable	(868)	18,046
Increase (Decrease) in Deferred Revenue	(16,256)	(16,257)
Increase (Decrease) in Other Current Accrued Liabilities	45,622	(43,623)
Total Adjustments	3,336,568	3,581,802
Net Cash Provided by (Used by) Operating Activities	$ 4,516,924	$ 4,684,539

The notes to the financial statements are an integral part of this statement

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity – The Morgantown Utility Board (the Board) is a Class A Water, Sewer and Storm-water Utility as defined by the West Virginia Public Service Commission. The Board manages and operates the City of Morgantown, West Virginia, water, sewer and storm-water utilities as enterprise funds under an ordinance dated September 1, 1987. These utilities serve the City and other surrounding areas and the Board also provides billing and collecting services for other adjacent utilities. It also provides jobbing and contracting services for plant repairs to these adjoining utilities.

The Board complies with *Governmental Accounting Standards Board Statement No. 14*, "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." These statements establish standards for defining and reporting on the financial reporting entity. They define component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, the Board is a component unit of the City of Morgantown therefore these financial statements will be included in the City's financial statements as a component unit.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

Basis of Presentation – Accounts of the Board are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The accompanying financial statements are presented on a combined basis because the water, sewer and storm-water utilities are under the control of the Board.

Basis of Accounting and Measurement Focus – These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer and Waste-Water funds are charges for water and sewer service.

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (continued)

Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Board's policy to use unrestricted resources first, then restricted resources as they are needed.

Cash and Cash Equivalents – The Board, for the purposes of the Statement of Cash Flows, considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund type are pooled by the Board.

Certain funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the Commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

Investments – The Board is allowed to invest excess funds in the following securities as governed by the West Virginia Code.

1. Any direct obligation of, or obligation guaranteed as to payment of both principal and interest by, the United States of America;
2. Any evidence of indebtedness issued by any United States government agency guaranteed as to payment of both principal and interest, directly or indirectly, by the United States of America;
3. Any evidence of indebtedness issued by the Federal National Mortgage Association to the extent such indebtedness is guaranteed by the Government National Mortgage Association;
4. Any evidence of indebtedness that is secured by first lien deed of trust or mortgage upon real property situate within West Virginia, if payment is substantially insured or guaranteed by the United States of America;
5. Direct and general obligations of the state of West Virginia;
6. Any undivided interest in a trust, the corpus of which is restricted to mortgages on real property and, unless all of the property is within West Virginia and insured, the trust is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating pooled mortgage trusts;
7. Any bond, note debenture, commercial paper or other evidence of indebtedness of any private corporation or association: Provided that the security is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: however, if any commercial paper or any security will mature within one year from the date of issuance, it must be rated in one of the two highest rating grades by a nationally known agency;
8. Negotiable certificates of deposits issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized;
9. Interest earning deposits including certificates of deposit, with any designated West Virginia depository, which deposits are fully secured by a collaterally secured bond, and;
10. Mutual funds registered with the Securities and Exchange Commission which have assets in excess of three hundred million dollars.

Investments are reported at fair value. The net increase in the cost-basis of investments consists of the realized gains and losses and the unrealized increase or decrease in the cost-basis of investments during the year. Realized gains or losses in sales of investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the cost-basis of investments reported in the prior year(s) and the current year.

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and includes amortization of discounts and premiums on interest-bearing instruments that were purchased at a discount or premium. Dividend income is recognized on the paying company's announced ex-dividend date.

Accounts Receivable - Accounts receivable are shown at their net realizable value. The balance is presented net of an allowance for doubtful accounts. The provision for losses on trade accounts receivable is charged to operations in an amount sufficient to maintain the allowance for losses at a level considered adequate to cover estimated credit losses. The Board's charge-off policy is based on an account-by-account review. The Board did a full review of trade accounts receivables and set a monthly allowance for bad debt charges. Generally, accounts are considered delinquent when they are 30 days contractually past due.

Supplies Inventory - The supplies inventory is valued on average cost basis.

Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid expenses using the consumption method. An asset for prepaid amounts is recorded at the time of the purchase and an expense is reported in the period in which services are consumed.

Capital Assets – The Board depreciates all long-term assets on a straight-line basis. The Board takes half a year's allowance in the year the asset is placed in service and a full year's allowance in the subsequent years with half a year's allowance in the final year of depreciation. At the time of retirement of depreciable utility plant in service, the amount is charged with the book cost of the property retired and cost of removal, and is credited with any amounts recovered. The estimated useful lives of the assets are as follows:

Asset Category	Useful Life in Years
Buildings and Structures	30
Water Transmission and Distribution Lines	50-100
Sewer and Storm Drain Collection System	50
Treatment Plants Equipment	10-30
Office Furniture and Computers	5-10
Vehicles and Heavy Duty Equipment	8-10

Deferred Financing Costs - The Board amortizes deferred financing costs on a straight-line basis over the term of the financing.

Compensated Absences – The Board provides compensated absences for its employees in the form of vacation and sick leave. Vacation leave does not carry over from calendar year to calendar year.

Contributions in Aid of Construction – All period contributions were from transfers from advances for construction, deposits for construction other than extensions, and grant monies from non-federal sources.

Equity Classification – Equity is classified as net assets and displayed in three components:

1. Invested in capital assets net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement or those assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

2. Restricted net assets - consists of the net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in fixed assets, net of related debt".

Restricted Assets – Restricted assets should be reported when restrictions on asset use change the nature or normal understanding of the availability of the asset. Restricted assets represent certain resources segregated from other resources of the Board to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the Board or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purpose. The Board's restricted assets consist of bond sinking fund and the bond construction accounts.

Use of Estimates – In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Budget and Budgetary Accounting – The Board is not required by law to prepare an annual budget. As such, none is presented in these financial statements.

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the Board's cash deposits was $2,194,229 at June 30, 2011. The bank balance at June 30, 2011 was $2,614,177 which was fully covered by Federal Deposit Insurance Coverage or collateralized with securities held by the pledging institution's trust department.

Total cash and investments at June 30, 2011 consisted of the following:

	Cost	Fair Value
Cash Deposits		
Demand Deposits	$ 2,194,229	$ 2,194,229
Cash and Investments with Fiscal Agents		
Cash	10,975,291	10,975,291
Certificates of Deposit	3,000,000	3,000,000
Investment Agreements		
Fixed Income	4,442,922	4,541,665
Equities	1,451,549	1,745,772
Total Cash and Investments	$ 22,063,991	$ 22,456,957

Note that the Board held $1,350 in petty cash at June 30, 2011.

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits of maturities on individual investments.

Credit Risk

The Board has a deposit policy for custodial credit risk beyond the requirements of the State Statue. West Virginia law requires that deposits be insured or be protected by eligible securities pledged to and deposited either with the Board or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Quality Rating	Fair Value	Percent
AAA	$ 1,762,045	38.8%
AA+	155,080	3.4%
AA	483,929	10.7%
A	166,839	3.7%
Not Rated	1,973,772	43.4%
Total	$ 4,541,665	100.0%

Concentration of Credit Risk

The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits on the amount that may be invest in any one financial institution.

NOTE 3 LEASING ARRANGEMENTS

The Board leases certain real estate in Morgantown to a limestone company. This operating lease specifies that the Board will receive $0.16 per ton up to 125,000 tons and $0.10 per ton thereafter, with an annual minimum rental of $5,000. The lease is for a 20 year period, and requires the lessee to maintain adequate insurance for the leased property. Revenues reported from this lease were $48,941 and $25,855 in 2011 and 2010, respectively.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers to Utility Plant	Ending Balance
Water Utility				
Plant	$ 66,373,769	$ 1,241,166	$ (61,022)	$ 67,553,913
Construction in Process	9,277,170	31,460,222	(1,241,167)	39,496,225
Sewer Utility				
Plant	90,894,967	2,222,528	(146,018)	92,971,477
Construction in Process	16,281,551	7,330,102	(2,222,528)	21,389,125
Storm Water Utility				
Plant	16,511,657	109,621	(1,030)	16,620,248
Construction in Process	7,684,630	408,748	(109,620)	7,983,758
Total	207,023,744	42,772,387	(3,781,385)	246,014,746
Less: Accumulated Depreciation				
Water Utility	(27,105,439)	(1,304,502)	89,612	(28,320,329)
Sewer Utility	(46,459,879)	(2,011,601)	152,004	(48,319,476)
Storm Water Utility	(2,110,842)	(329,328)	1,030	(2,439,140)
Total Accumulated Depreciation	(75,676,160)	(3,645,431)	242,647	(79,078,945)
Total Net Capital Assets	$ 131,347,584	$ 39,126,956	$ (3,538,739)	$ 166,935,801
Depreciation Expense Charged to Operations		$ 3,645,431		

NOTE 4 CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers to Utility Plant	Ending Balance
Water Utility				
Plant	$ 65,190,543	$ 1,271,296	$ (88,070)	$ 66,373,769
Construction in Process	3,148,309	7,400,157	(1,271,296)	9,277,170
Sewer Utility				
Plant	89,900,822	2,570,349	(1,576,204)	90,894,967
Construction in Process	10,075,466	8,776,434	(2,570,349)	16,281,551
Storm Water Utility				
Plant	15,415,162	1,103,181	(6,686)	16,511,657
Construction in Process	8,229,236	558,575	(1,103,181)	7,684,630
Total	191,959,538	21,679,992	(6,615,786)	207,023,744
Less: Accumulated Depreciation				
Water Utility	(25,843,798)	(1,351,116)	89,475	(27,105,439)
Sewer Utility	(44,783,149)	(2,126,184)	449,454	(46,459,879)
Storm Water Utility	(1,799,399)	(318,130)	6,687	(2,110,842)
Total Accumulated Depreciation	(72,426,346)	(3,795,430)	545,616	(75,676,160)
Total Net Capital Assets	$ 119,533,192	$ 17,884,562	$ (6,070,170)	$ 131,347,584
Depreciation Expense Charged to Operations		$ 3,795,430		

NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN

Plan Description – The Board contributes to the City of Morgantown, WV (the "City") Employee's Retirement and Benefit Fund (the Plan). The Plan is a cost-sharing multiple-employer defined benefit plan. The Plan provides retirement, disability and death benefits to plan members and beneficiaries. Major features of the plan appear in Chapter 8, Article 22, Sections 2-15 of the Code of West Virginia as approved by ordinance of the City Council of Morgantown, WV.

NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Funding Policy – Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute an actuarially determined rate. The 2010 and 2011 rates were 10.35% and 8.29% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2011, 2010 and 2009 were $646,270, $478,911 and $475,353.

Deferred Compensation Plan – Employees are eligible to participate in an IRC Section 457 Deferred Compensation Plan. The maximum amount which may be deferred is the lesser of 100% of an employee's salary or $16,500, for 2010 and 2011, plus $5,000 catch-up for employees over fifty years of age. The Board provides no match for participant's contributions. All amounts which are deferred remain solely the property of the Board and are subject to its general creditors.

NOTE 6 LONG-TERM DEBT

Following is a description of the long-term liabilities of the Board.

1992 Bonds Payable
The Board issued $11,900,000 in a combined water and sewer revenue bond on September 15,1992. This bond matures quarterly starting March 1, 1993, until December 1, 2012. This bond bears an interest rate of 3% per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year. Annualized payments of $792,100 are required.

1995 Bonds Payable
The Board issued $1,601,477 in a combined water and sewer revenue bond on April 22, 1995. This bond matures quarterly starting March 1, 1996, until December 1, 2015. This bond bears an interest rate of 2% and a 1% administration fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year. Annualized payments of $97,351 are required.

2000A Bonds Payable
The Board issued $7,842,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on March 1, 2026. The bonds bear no interest and were issued to the West Virginia Division of Environmental Protection. The bonds carry an 0.5% administrative fee per annum and are payable quarterly. Annualized payments of $323,384 are required.

2000B Bonds Payable
The Board issued $2,488,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on December 31, 2039. The bonds bear no interest and were issued to the West Virginia Infrastructure and Jobs Development Council. Annualized payments of $65,476 are required.

2001A Bonds Payable
The Board issued $3,812,470 in a combined waterworks and sewerage system revenue bonds on February 8, 2001, for the acquisition and construction of extensions, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing June 1, 2002. The bonds will bear no interest until

NOTE 6 LONG-TERM DEBT (Continued)

after February 28, 2002. Effective March 1, 2002, the bonds will bear interest at a rate of 3% per annum and will be paid quarterly on March 1, June 1, September 1, and December 1 of each year commencing June 1, 2002. The bonds were issued to the West Virginia Development Authority and mature December 1, 2015. Annualized payments of $339,402 are required.

2006A Bonds Payable

The Board issued bonds of $6,410,000 in a combined waterworks and sewerage system revenue bonds on June 30, 2006, for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. $6,026,618 has been drawn on these bonds toward construction. The construction will be completed in fall 2009. The bonds bear interest rates of 3% with a 20 year term. The payments will be $97,416 quarterly, commencing September 2009.

2007 Bonds Payable

The Board issued bonds of $8,500,000 in a combined waterworks and sewerage system revenue bonds on June 30, 2007, for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. $8,362,281 has been drawn on these bonds toward construction. The construction is expected to be completed in fall of 2009. The bonds bear interest rates of 3% with a 20 year term. The payments will be $106,698 quarterly, commencing September 2009.

2010 Bonds Payable

The Board issued on January 28, 2010, (1) Combined Utility System Revenue bonds, Series 2010A (Direct Payment Build America Bonds), in the original aggregate principal amount of $37,950,000; (2) Combined Utility System Revenue Bonds, Series 2010B (West Virginia SRF Program/ARRA), in the original aggregate principal amount of $81,600; (3) Combined Utility System Revenue Bonds, Series 2010C (West Virginia SRF Program), in the original aggregate principal amount of $15,203,668; (4) Combined Utility System Revenue Bonds, Series 2010D (West Virginia DWTRF Program), in the original aggregate principal amount $9,317,286; (5) Combined Utility System Revenue Bonds, Series 2010E (West Virginia DWTRF Program-ARRA), in the original aggregate principal amount of $100,000, and (6) Combined Utility System Revenue Bonds, Series 2010F (Bank Qualified) in the original aggregate principal amount of $7,250,000, (collectively the "Series 2010 Bonds") for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The DWTRF bonds bear interest rates of 2% with a 20 year term, the SRF bonds bear interest rates of 3% with a 20 year term, the 2010F bonds will bear interest rates of 6.31% with a 21.858 year term and 2010 F will bear interest rates of 2.73% with a 5.932 year term . The payments are estimated annually to be $4,230,261. Amortization is approximated in the following tables.

NOTE 6 LONG-TERM DEBT (Continued)

Long-term debt activity for the year ended June 30, 2011 was as follows:

	Beginning	Payments	Proceeds	Ending	Current Portion
Morgantown 1992	$ 1,905,000	$ (745,000)	$ -	$ 1,160,000	$ 770,000
Morgantown 1995	505,836	(87,891)	-	417,945	89,661
Morgantown 2000 A	5,093,236	(323,381)	-	4,769,855	323,380
Morgantown 2000 B	1,931,454	(65,476)	-	1,865,978	65,476
Morgantown 2001 A	1,714,931	(291,208)	-	1,423,723	300,045
Morgantown 2006 A	5,878,028	(274,151)	-	5,603,877	279,676
Morgantown 2007 A	8,211,472	(294,345)	-	7,917,127	300,274
Morgantown 2010 A	37,950,000	-	-	37,950,000	-
Morgantown 2010 C	6,286,298	-	5,760,677	12,046,975	-
Morgantown 2010 D	1,275,823	-	5,912,932	7,188,755	-
Morgantown 2010 E	-	-	100,000	100,000	-
Morgantown 2010 F	7,250,000	-	-	7,250,000	-
Total	$ 78,002,078	$ (2,081,452)	$ 11,773,609	$ 87,694,235	$ 2,128,512

Maturities of the Board's debt for the years subsequent to June 30, 2011 are as follows:

Annual Principal Payment Requirements

	1992 Issue Principal	1995 Issue Principal	2000A Issue Principal	2000B Issue Principal	2001A Issue Principal	2006A Issue Principal	2007 Issue Principal
2012	770,000	89,661	323,380	65,476	300,045	279,676	300,274
2013	390,000	91,468	323,380	65,476	309,148	285,311	345,754
2014	-	93,312	323,380	65,476	318,528	291,060	392,547
2015	-	95,191	323,380	65,476	328,191	296,924	400,458
2016	-	48,313	323,380	65,476	167,811	302,907	408,617
2017-2021	-		1,616,900	327,380		1,608,591	2,169,482
2022-2026	-	-	1,536,055	327,380	-	1,777,326	2,397,051
2027-2031	-	-		327,380	-	762,082	1,502,944
2032-2036	-	-	-	327,380	-	-	-
2037-2040	-	-	-	229,078	-	-	-
Total	$ 1,160,000	$ 417,945	$ 4,769,855	$ 1,865,978	$ 1,423,723	$ 5,603,877	$ 7,917,127

NOTE 6 LONG-TERM DEBT (Continued)

	2010A Issue Principal	2010C Issue Principal*	2010D Issue Principal*	2010E Issue Principal	2010F Issue Principal
2012	$ -	$ -	$	$ -	$ -
2013	-	472,855	286,454	3,075	975,000
2014	-	641,580	388,667	4,171	990,000
2015	-	654,508	396,498	4,256	1,005,000
2016	-	667,696	404,489	4,341	1,030,000
2017-2021	3,570,000	3,545,804	2,148,036	23,054	3,250,000
2022-2026	6,795,000	3,917,744	2,373,356	25,473	-
2027-2031	8,130,000	4,328,698	2,622,307	28,144	-
2032-2036	9,925,000	1,151,342	697,479	7,486	-
2037-2040	9,530,000	-	-	-	-
Total	$ 37,950,000	$ 15,380,227	$ 9,317,286	$ 100,000	$ 7,250,000

* This is the scheduled amortization from the bond agreement. This assumes that the entire available amount will be drawn-down.

Annual Interest Payment Requirements

	1992 Issue Interest	1995 Issue Interest	2000A Issue Interest	2000B Issue Interest	2001A Issue Interest	2006A Issue Interest	2007 Issue Interest
2012	$ 48,825	$ 4,730	$ -	$ -	$ 48,192	$ 115,513	$ 132,451
2013	30,601	3,845	-	-	39,357	109,989	126,520
2014	-	2,941	-	-	30,254	104,353	135,161
2015	-	2,020	-	-	20,875	98,604	142,490
2016	-	1,443	-	-	11,211	86,756	126,511
2017-2021	-	-	-	-		339,725	505,706
2022-2026	-	-	-	-	-	170,992	278,136
2027-2031	-	-	-	-	-	14,878	47,955
Total	$ 79,426	$ 14,979	$ -	$ -	$ 149,889	$ 1,040,810	$ 1,494,930

NOTE 6 LONG-TERM DEBT (Continued)

	2010A(Net) Issue Interest	2010C Issue Interest *	2010D Issue Interest *	2010E Issue Interest	2010F Issue Interest
2012	$ 1,481,275	$ -	$ -	$ -	$ -
2013	1,481,275	228,347	138,332	1,485	180,060
2014	1,481,275	293,356	177,714	1,907	172,748
2015	1,481,275	280,427	169,882	1,823	155,535
2016	1,481,275	267,239	161,892	1,738	135,585
2017-2021	7,330,976	1,128,872	683,867	7,340	113,175
2022-2026	6,490,509	756,933	458,547	4,922	155,403
2027-2031	5,191,676	345,979	209,593	2,250	-
2032-2036	3,438,600	17,328	10,497	111	-
2037-2040	1,249,340	-	-	-	-
Total	$ 31,107,476	$ 3,318,481	$ 2,010,324	$ 21,576	$ 912,506

* This is the scheduled interest payable from the bond agreement. This assumes that the entire available amount will be drawn-down.

NOTE 7 RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board purchases insurance through a private carrier for all risks of loss including property insurance, pollution insurance, and bonding.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Board is a guaranteed cost participant in the West Virginia Worker's Compensation Program

NOTE 8 CONTINGENCIES / PENDING LITIGATION

The Board is a party to various legal proceedings. The Board's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Board's financial position.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Project Number	Federal CFDA Number	Disbursements
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the West Virginia Department of Health and Human Resources			
Capitalization Grants for Drinking Water State Revolving Loan Funds	544205	66.468	$ 4,614,637
ARRA - Capitalization Grants for Drinking Water State Revolving Loan Funds	544205	66.468	100,000
Total Passed through the West Virginia Department of Health and Human Resources			4,714,637
Passed through the West Virginia Environmental Protection Agency.			
Capitalization Grants for Clean Water State Revolving Funds	544205	66.458	5,760,674
Total Passed through the West Virginia Environmental Protection Agency			5,760,674
Total U.S. Environmental Protection Agency			10,475,311
Total Federal Awards Expenditures			$ 10,475,311

See Notes to the Schedule of Federal Awards Expenditures

Note A – Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the Board's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

October 28, 2011

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

We have audited the financial statements of the business-type activities of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents and have issued our report dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Board's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards.*

We intend this report solely for the information and use of the management, the Board of Directors, federal awarding agencies and pass-through entities, and others within the Utility Board. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST CLAIRSVILLE
121 E Main Street
St Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 28, 2011

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

Compliance

We have audited the compliance of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Audit Findings identifies the Board's major federal program. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect one of the major federal programs. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2011.

Internal Control over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities and others within the Utility Board. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A C

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY

Schedule of Audit Findings
OMB CIRCULAR A - 133 § .505
June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Capitalization Grants for Drinking Water State Revolving Loan Funds CFDA# 66.468
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 314,259 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SUPPLEMENTARY FINANCIAL INFORMATION

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Sale of Water		
Metered Sales	$ 5,408,646	$ 5,322,562
Private Fire Protection	270,864	260,641
Total Sales of Water	5,679,510	5,583,203
Other Operating Revenues		
Forfeited Discounts and Penalties	25,647	21,171
Miscellaneous Service Revenues	47,942	26,613
Rents from Water Property	75,285	150,190
Billings Services Revenue	167,141	122,122
Service Connection Fees	20,360	20,515
Total Other Operating Revenues	334,375	340,811
Total Operating Revenues	6,013,885	5,924,014
Source of Supply Expenses		
Maintenance		
Collecting	2,721	4,362
Total Source of Supply Expenses	2,721	4,362
Pumping Expenses		
Operation		
Supervision and Engineering	24,404	25,117
Power and Pumping	623,985	541,764
Labor and Expense	15,326	11,515
Total Operation	663,715	578,396
Maintenance		
Pumping Equipment	41,009	42,595
Total Maintenance	41,009	42,595
Total Pumping Expenses	704,724	620,991
Water Treatment Expenses		
Operation		
Supervision and Engineering	38,339	35,865
Chemicals	399,023	366,204
Labor and Expense	470,698	460,119
Depreciation	404,505	525,000
Total Operation	1,292,965	1,387,188
Maintenance		
Supervision and Engineering	46,574	44,319
Structures and Improvements	133,952	138,791
Water Treatment Equipment	67,695	46,349
Total Maintenance	248,221	229,459
Total Water Treatment Expenses	1,541,186	1,616,647
Transmission and Distribution Expenses		
Operation		
Supervision and Engineering	64,387	112,535
Storage Facilities Expense	29,957	29,553
Transmission and Distribution	84,355	119,188
Meter Expense	57,759	52,984
Customer Installation Expense	11,477	9,036
Mapping and Records Expense	69,666	68,591
Shop Expense	202,028	160,408
Rents	210	210
Depreciation	809,997	736,116
Total Operation	1,329,836	1,288,619
Maintenance		
Supervision and Engineering	67,410	28,213
Structures and Improvements	9,710	3,586
Transmission and Distribution Main	367,570	390,603
Services	89,499	89,734
Meters	83,785	57,223
Hydrants	23,368	54,735
Total Maintenance	641,292	624,094
Total Transmission and Distribution Expenses	$ 1,971,128	$ 1,912,713

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)
(Continued)

	2011	2010
Billing and Collecting Expenses		
Meter Reading and Expenses	$ 72,336	$ 60,445
Customer Accounts Expenses	118,700	130,129
Uncollectible Accounts	14,257	14,075
Total Billing and Collecting Expenses	205,293	204,649
Administrative and General Expenses		
Administrative and General Salaries	48,689	59,974
Other General Office Salaries	186,336	175,297
Office Supplies and Other Expenses	45,788	47,452
Regulatory Commission Expense	21,824	19,610
Outside Services	27,751	22,644
Special Legal Services	3,679	14,069
Employee Pensions and Benefits	297,284	210,849
Employee Welfare Expenses	1,071,022	972,968
Insurance	111,628	97,993
Injuries and Damages	97,770	93,586
Employer's FICA Tax	211,940	193,886
Administrative Expenses Allocated to Overhead	(448,994)	(311,328)
Maintenance Expenses Structures	5,186	7,213
Office Furniture and Equipment	41,670	33,939
Communication Equipment	5,321	6,873
Miscellaneous Property	11,388	15,385
Employee Training	12,749	17,320
Miscellaneous General Expenses	109,899	128,547
Total Administrative and General Expenses	1,860,930	1,806,277
Total Operation and Maintenance Expense	6,295,9[illegible]	6,165,639
Operating Income (Loss)	(282,09[illegible])	(241,625)
Other Nonoperating Income		
Other Income	830,267	351,770
Interest and Dividend Income	184,491	106,009
Unrealized Gain (Loss) on Investment	156,191	38,698
Total Other Nonoperating Income	1,170,9[illegible]	496,4[illegible]
Other Nonoperating Expenses		
Interest on Financing	1,691,468	846,811
Amortization of Financing Costs	3,170	3,170
Interest on Customer Deposits	1,224	2,830
Total Other Nonoperating Expenses	1,695,862	852,81[illegible]
Net Nonoperating Income (Expenses)	(524,911)	(356,340)
Net Income / (Loss)	(807,008)	(597,965)

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Sewer Utility Income		
Domestic, Public and Industrial Service	$ 5,825,326	$ 5,811,342
Service to Other Systems	785,866	700,225
Other Sewerage Service	103,414	79,502
Total Sewer Utility Income	6,714,606	6,591,069
Other Sewerage Income		
Forfeited Discounts and Penalties	24,114	22,995
Merchandising, Jobbing and Contract Other Operating Income	7,605	18,915
Total Other Sewerage Income	31,719	41,910
Total Operating Revenues	6,746,325	6,632,979
Collecting Expenses		
Operation		
Supervision and Engineering	43,170	122,165
Labor	131,791	130,826
Supply and Expense	109,196	94,268
Total Operation	284,157	347,259
Maintenance		
Supervision and Engineering	70,267	44,206
Service Connection and Traps	183,317	118,612
Collecting and Transmission Mains	259,388	279,031
Depreciation	743,514	719,599
Total Maintenance	1,256,486	1,161,448
Total Collecting Expense	1,540,643	1,508,707
Pumping Expenses		
Operation		
Labor	56,010	37,385
Power and Fuel	118,080	95,785
Supplies and Expenses	14,278	12,380
Total Operation	188,368	145,550
Maintenance		
Pumping Equipment	57,743	117,361
Depreciation	199,463	192,000
Total Maintenance	257,206	309,361
Total Pumping Expenses	445,576	454,911
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	24,174	25,605
Labor	341,729	367,907
Supplies and Expense	341,318	356,977
Chemical and Treatment Expense	132,871	117,207
Total Operation	840,292	867,696
Maintenance		
Supervision and Engineering	24,008	23,526
Structures and Improvements	18,578	22,587
Treatment and Disposal System	211,652	206,034
Depreciation	483,832	624,000
Total Maintenance	738,070	876,147
Total Treatment and Disposal Expenses	$ 1,578,362	$ 1,743,843

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)
(Continued)

	2011	2010
Billing and Collecting Expenses		
Meter Reading Expenses	$ 129,236	$ 104,596
Customer Accounts Expenses	70,316	77,694
Uncollectible Accounts	19,239	19,541
Total Billing and Collecting Expense	218,791	201,831
Administrative and General Expenses		
Administrative and General Salaries	43,527	58,810
Other General Office Salaries	166,468	[illegible]
Office Supplies and Other Expenses	32,638	37,181
Regulatory Commission Expense	40,955	41,969
Outside Services	28,760	24,35[illegible]
Special Legal Services	3,284	12,589
Employee Pensions and Benefits	264,971	202,653
Employee Welfare Expenses	1,029,649	997,841
Insurance	126,436	123,378
Injuries and Damages	101,501	135,872
Employer's FICA Tax	190,720	186,159
Administrative Expenses Allocated to Overhead	(179,670)	(209,975)
Maintenance Expenses Structures	10,544	5,461
Office Furniture and Equipment	37,597	34,145
Communication Equipment	4,743	5,885
Miscellaneous Property	17,006	19,50[illegible]
Employee Training	9,453	10,639
Miscellaneous General Expenses	47,384	19,799
Total Administrative and General Expense	1,975,966	1,878,006
Total Operation and Maintenance Expense	[illegible]	[illegible]
Operating Income (Loss)	986,987	845,681
Other Nonoperating Income		
Other Income	34,728	[illegible]
Interest and Dividend Income	110,569	68,37[illegible]
Unrealized Gain (Loss) on Investment	216,137	[illegible]
Total Other Nonoperating Income	361,434	[illegible]
Other Nonoperating Expenses		
Interest on Financing	171,332	199,319
Amortization of Financing Costs	8,610	8,610
Administrative Costs of Bonds	39,234	40,102
Interest on Customer Deposits	426	1,442
Total Other Nonoperating Expenses	219,602	249,474
Net Nonoperating Income (Expenses)	141,832	(44,412)
Net Income	1,128,819	801,269

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Cheat Sewer Revenues	$ 1,158,459	$ 1,133,895
Forfeited Discounts and Penalties	5,565	5,491
Total Operating Revenues	1,164,024	1,139,386
Collecting Expenses		
Operation		
Supervision and Engineering	3,722	3,084
Labor	23,564	23,561
Total Operation	27,286	26,645
Maintenance		
Supervision and Engineering	21,193	22,227
Service Connection and Traps	10,014	11,123
Collecting and Transmission Mains	31,455	41,232
Depreciation	494,789	500,585
Total Maintenance	557,471	575,167
Total Collecting Expenses	584,757	601,812
Pumping Expenses		
Operation		
Labor	42,584	45,389
Power and Fuel	32,210	26,721
Supplies and Expenses	9,053	7,544
Total Operation	83,847	79,654
Maintenance		
Pumping Equipment	12,537	24,844
Total Maintenance	12,537	24,844
Total Pumping Expenses	96,384	104,498
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	2,994	3,565
Labor	58,654	51,468
Supplies and Expense	190,265	117,203
Total Operation	251,913	172,236
Maintenance		
Structures and Improvements	1,528	1,821
Treatment and Disposal System	16,671	20,245
Total Maintenance	18,199	22,066
Total Treatment and Disposal Expenses	$ 270,112	$ 194,302

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)
(Continued)

	2011	2010
Billing and Collecting Expenses		
Meter Reading Expenses	$ 35,737	$ 28,767
Customer Accounts Expenses	21,599	23,323
Uncollectible Accounts	3,882	3,796
Total Billing and Collecting Expense	61,218	55,886
Administrative and General Expenses		
Administrative and General Salaries	25,690	31,837
Office Supplies and Other Expenses	(3,754)	(3,661)
Regulatory Commission Expense	5,342	6,022
Outside Services	1,455	2,543
Employee Pensions and Benefits	64,034	74,359
Insurance	116,860	119,090
Employer's FICA Tax	23,152	25,377
Employee Training	706	1,386
Miscellaneous General Expenses	4,976	3,226
Total Administrative and General Expense	238,856	260,179
Total Operation and Maintenance Expense	1,251,332	1,216,677
Operating Income (Loss)	(87,308)	(77,291)
Other Nonoperating Expenses		
Administrative Costs of Bonds	19,807	19,807
Total Other Nonoperating Expenses	19,807	19,807
Net Income (Loss)	(107,115)	(97,098)

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STORM WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Storm Water Revenues	$ 1,629,561	$ 1,611,339
Forfeited Discounts and Penalties	21,166	21,492
Total Operating Revenues	1,650,727	1,632,831
Collecting Expenses		
Operation		
Supervision and Engineering	3,217	4,317
Labor	51,648	53,371
Total Operation	54,865	57,688
Maintenance		
Supervision and Engineering	83,215	64,399
Service Connection and Traps	211,980	221,114
Depreciation	329,328	318,130
Total Maintenance	624,523	603,643
Total Collecting Expenses	679,408	661,331
Billing and Collecting Expenses		
Customer Accounts Expense	56,592	61,491
Uncollectible Accounts	5,376	5,076
Total Billing and Collecting Expense	61,968	66,567
Administrative and General Expenses		
Administrative and General Salaries	40,897	43,862
Office Supplies and Other Expense	(30,826)	(44,864)
Regulatory Commission Expense	1,750	-
Outside Services	12,151	38,307
Employee Pensions and Benefits	110,523	100,373
Insurance	161,935	145,276
Employer's FICA Tax	37,063	34,694
Employee Training	5,613	7,112
Miscellaneous General Expenses	7,471	4,206
Total Administrative and General Expense	466,577	128,961
Total Operation and Maintenance Expense	1,087,953	1,056,859
Operating Income (Loss)	562,774	575,972
Other Nonoperating Expenses		
Interest on Debt	131,961	137,784
Amortization of Debt	3,696	3,696
Administrative Expense 2007	44,194	44,194
Public Outreach	1,694	1,159
Total Other Nonoperating Expenses	181,545	186,833
Net Income	381,229	389,139

APPENDIX D

Form of Bond Counsel Opinion

October __, 2012

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The City of Morgantown (West Virginia) (the "Issuer") of its $_____ in aggregate principal amount of Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 C Bonds").

The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on January 3, 2012, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on March 6, 2012 (collectively, the "Bond Legislation") and are subject to all the terms and conditions of the Bond Legislation. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Legislation.

The Series 2012 C Bonds are issued in fully registered form, are dated _____, 2012, upon original issuance, mature on October 1, 2032 in years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2013, as follows:

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP No.

The Series 2012 C Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Bond Legislation.

The Series 2012 C Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) funding the Series 2012 C Bonds Reserve Account; and (iii) paying the costs of issuance of the Series 2012 C Bonds.

The Series 2012 C Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated September __, 2012, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Bond Legislation, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Bond Legislation, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2012 C Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Bond Legislation, enter into the Continuing Disclosure Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 C Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted and adopted the Bond Legislation, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2012 C Bonds to the Purchaser pursuant to the Purchase Agreement. The Bond Legislation is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2012 C Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of

the Issuer, payable and enforceable in accordance with their terms and the terms of the Bond Legislation, and are entitled to the benefits of the Bond Legislation and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2012 C Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that interest on the Series 2012 C Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes). The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2012 C Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2012 C Bonds set forth in the Bond Legislation, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2012 C Bonds to be includable in gross income retroactive to the date of issuance of the Series 2012 C Bonds. We express no opinion as to the federal tax consequences of purchasing, holding or disposing of the Series 2012 C Bonds.

5. Under the Act, as presently written and applied, the Series 2012 C Bonds and interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

6. The Series 2012 C Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2012 C Bonds, to register any securities under said Securities Acts.

7. The Series 2012 C Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia DWTRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"); (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia DWTRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia DWTRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); and (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000 (the "Series 2010 F Bonds") (collectively the "Prior Bonds"), all in accordance with the terms of the Series 2012 C Bonds and the Bond Legislation.

8. The Issuer has designated the Series 2012 C Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

It is to be understood that the rights of the holders of the Series 2012 C Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2012 C Bonds, the Bond Legislation, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. R-1 through R-____ _____ of said issue, and in our opinion, said Series 2012 C Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX E

The Ordinance as Supplemented and Amended

Stormwater Project

THE CITY OF MORGANTOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, The City of Morgantown (the "Issuer" or the "City") presently owns and operates, through The City of Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage and stormwater system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the System, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition

and construction of extensions, additions, betterments and improvements to the stormwater portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds" or the "Bonds"), such Series 2012 Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2012 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2012 Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto.

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

"Bond Counsel" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2012 Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Series 2012 Bonds.

"Bond Year" means with respect to each series of Series 2012 Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2012 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 Bonds in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM hereto.

"City" or "Issuer" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County thereof, and, where appropriate, the Council, the Board and any successor thereto.

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

"Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

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

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs set forth in Section 1.02C.

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

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2012 Bonds, meeting the qualifications prescribed by DTC.

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

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

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

"Government Obligations" shall have the meaning set forth in the Supplemental Resolution.

"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).

"Independent Accountant" means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2012 Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2012 Bonds, in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2012 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2012 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2012 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2012 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2012 Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the Series 2012 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2012 Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Series 2011 A Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the construction improvements to the stormwater portion of the System.

"Purchase Price" for the purpose of computation of the Yield of the Series 2012 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2012 B to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2012 Bonds are privately placed, the price paid by the first buyer of the

Series 2012 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2012 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2012 Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2012 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2012 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

"Series 1992 Bonds" means the Combined Utility 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 Utility 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 2000 A Bonds" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 Bonds" means the Combined Utility System Revenue Bonds, Series 2012 of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2012 Bonds Acquisition and Construction Fund" means the Series 2012 Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"Series 2012 Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2012 Bonds Redemption Account" means the Redemption Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account" means the Series 2012 Bonds Reserve Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Sinking Fund" means the Series 2012 Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2012 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2012 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2012 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2012 Bonds and authorizing the sale of the Series 2012 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

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

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

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the City and specifically of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, specifically including, but not limited to, the Sabraton Stormwater Project and all necessary appurtenances; (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2012, in the aggregate principal amount of not more than $3,500,000, to permanently finance a portion of 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; interest, if any, upon the Series 2012 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2012 Bonds Reserve Account; underwriter's discount, 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; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and 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 2012 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2012 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be

entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility 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 Utility 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 Utility 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"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility 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 "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"); and (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), issued prior to the Series 2012 Bonds in the original aggregate amount of not more than $5,000,000 (the "Series 2012 A Bonds"), (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2012 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, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds to the issuance of the Series 2012 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds. The

Series 2010 A Bonds and Series 2010 F Bonds do not require consent. 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.

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.

G. The Issuer intends to issue the Series 2012 Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2012 Bonds, and the Prior Bonds, to pay the principal on the Series 2012 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2012 Bonds, and secure the Series 2012 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2012 Bonds Reserve Account, unexpended proceeds of the Series 2012 Bonds and as further set forth herein.

J. The Series 2012 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2012 BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2012 Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2012 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2012 Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2012 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and

appeal of which will either have expired prior to the date of issuance of the Series 2012 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2012 Bonds by those who shall own or hold the same from time to time, this Ordinance 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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 more than $3,600,000 of which up to $3,500,000 will be obtained from the Series 2012 Bonds and $100,000 will be obtained as a contribution from the Issuer.

ARTICLE III
THE SERIES 2012 BONDS

Section 3.01 Form and Payment of Bonds. No Series 2012 Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2012 Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2012 Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2012 Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2012 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 Bonds shall be in default, Bonds issued in exchange for Series 2012 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2012 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2012 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2012 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2012 Bond in the principal amount of said 2012 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their respective manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2012 Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 Bonds be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2012 Bond, substantially in the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference with respect to the Series 2012 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2012 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2012 Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2012 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2012 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2012 Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 Bonds. The Series 2012 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2012 Bond, there shall be issued at the option of the

Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2012 Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2012 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2012 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2012 Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2012 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2012 Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2012 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2012 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2012 Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2012 Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2012 Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2012 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2012 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2012 Bonds Redemption Account payment

designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Series 2012 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2012 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be sent to registered securities depositories, nationally recognized municipal securities information repositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

If funds sufficient to redeem all Series 2012 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2012 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds

shall cease to bear interest. Upon surrender of such Series 2012 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2012 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2012 Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2012 Bonds. For the purposes of paying costs of acquisition and construction of improvements and betterments to the stormwater portion of the System, funding the Series 2012 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2012 Bonds of the Issuer, in an aggregate principal amount of not more than $3,500,000. Said Series 2012 Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2012" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2012 Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2012 Bonds shall be numbered from AR-1 consecutively upward. The Series 2012 Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $3,500,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional

redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2012 Bonds.

A. The Series 2012 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2012 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2012 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2012 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2012 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2012 Bond or any other evidence of ownership of the Series 2012 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2012 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2012 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2012 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2012 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2012 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2012 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2012 Bonds so redeemed, but DTC may retain such Series 2012 Bonds and make an appropriate notation on the Series 2012 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2012 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 Bonds, selecting the Series 2012 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2012 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected

by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2012 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2012 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2012 Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2012 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 Bonds.

Section 3.12. Delivery of Series 2012 Bonds.

A. The Issuer shall execute and deliver the Series 2012 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2012 Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

Section 3.13. Form of Series 2012 Bonds. The definitive Series 2012 Bonds shall be in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2012 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2012 Bonds. Upon the issuance and delivery of the Series 2012 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2012 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2012 Bonds Sinking Fund and applied to payment of interest on the Series 2012 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2012 Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2012 Bonds Reserve Account, provided that, to the extent the Series 2012 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2012 Bonds shall be deposited in the Series 2012 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2012 Bonds Reserve Requirement.

3. The amount of Series 2012 Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2012 Bonds shall be deposited with the Depository Bank in the Series 2012 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2012 Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2012 Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2012 Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2012 Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2012 Bonds from which such proceeds are derived.

4. The balance of Series 2012 Bonds proceeds, if any, shall be deposited in the Series 2012 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15(A) hereof.

Section 3.15. Disbursements from the Acquisition and Construction Fund. Disbursements from the Series 2012 Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2012 Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for

acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2012 Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

(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 2012 Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued is established by Prior Ordinances) 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 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Prior Ordinance);

(17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinance);

(18) Series 2010 C Bonds Reserve Account (established by Prior Ordinance);

(19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinance);

(20) Series 2010 D Bonds Reserve Account (established by Prior Ordinance);

(21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinance);

(22) Series 2010 E Bonds Reserve Account (established by Prior Ordinance);

(23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinance);

(24) Series 2010 F Bonds Reserve Account (established by Prior Ordinance);

(25) Series 2012 Bonds Sinking Fund; and

(26) Series 2012 Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2012 Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the respective Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2012 Bonds, apportion and set apart out of the

Revenue Fund and deposit in the Series 2012 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2012 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; and (ii) for deposit in the Series 2012 Bonds Sinking Fund (and in the Series 2012 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2012 Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2012 Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2012 Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2012 Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2012 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2012 Bonds, for deposit in the Series 2012 Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 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 2012 Bonds Reserve Requirement; provided further, that if the amounts in the Series 2012 Bonds Reserve Account, as a result of a decrease in value of the Series 2012 Bonds Reserve Account below the Series 2012 Bonds Reserve Account Requirement or any withdrawal from the Series 2012 Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2012 Bonds Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2012 Bonds Reserve Account

results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2012 Bonds Reserve Account is less than the Series 2012 Bond Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2012 Bonds Reserve Account for deposit into the Series 2012 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 Bonds Reserve Account to an amount equal to the Series 2012 Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2012 Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2012 Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2012 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 Bond Reserve Account Requirement.

Amounts in the Series 2012 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2012 Bonds when due, when amounts in the Series 2012 Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

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

(6) 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.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue

Fund and from the proceeds of the sale of the Series 2012 Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2012 Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section (unless otherwise required by the Bond Insurer and as set forth in the Supplemental Resolution):

(A) Qualified Investments acquired for the Series 2012 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2012 Bonds Reserve Account to the Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2012 Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2012 Bonds Reserve Account an amount at least equal to the Series 2012 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2012 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2012 Bonds Reserve Account shall, at any time, be less than the applicable Series 2012 Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

(E) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2012 Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(F) Notwithstanding the foregoing, all monies deposited in the Series 2012 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2012 Bonds in such manner and to such extent as may be necessary, so that such Series 2012 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, 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 such Bonds) so that the interest on the Series 2012 Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax 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 any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 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 Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation,

the Issuer or the Board 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 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, 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 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 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 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.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance 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 2012 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2012 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2012 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2012 Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2012 Bonds issued hereunder

shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2012 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2012 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2012 Bonds, all monies and securities in the Series 2012 Sinking Fund, including the Series 2012 Bonds Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2012 Bonds herein authorized, and to make the payments into the Series 2012 Bonds Sinking Fund, all monies and securities in the Series 2012 Bonds Sinking Fund, including the Series 2012 Bonds Reserve Account therein.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. In any event, subject to the requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate ordinance.

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2012 Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2012 Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $250,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $250,000 but not in excess of $1,000,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $250,000 and not in excess of $1,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $1,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations

whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, 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 the Gross Revenues with the Series 2012 Bonds; and all obligations hereafter issued by the Issuer 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 2012 Bonds.

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, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2012 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional 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 additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

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

No such Additional 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 an Independent Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2012 Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

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

(4) The Additional Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to

be financed by such Additional 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 Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Accountant, which shall be filed in the office of the Clerk prior to the issuance of such Additional 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 Accountant, as stated in a certificate on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Additional Parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2012 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2012 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the 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 said 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 Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2) and (3) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2012 Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and 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, provided that, the Board, with the review of an insurance consultant and the concurrence of the Issuer, may elect to self-insure, so long as the following requirements are met:

(i) The self-insurance program has been reviewed by an insurance consultant;

(ii) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an insurance consultant; and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the insurance consultant;

(iii) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(iv) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an insurance consultant, shall be maintained.

If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of

similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. 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 Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body 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.

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

The Issuer shall 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.

Section 6.10. Services Rendered to the Board or Issuer. The Board will not render or cause to be rendered any free services of any nature by its System; and, in the event the Board, the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Board, the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Board or the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues

derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer or 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, 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 and facilities of the System and any services and facilities of the Issuer's waterworks system, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus penalty charges for the restoration of service, has been fully paid or an appropriate payment plan has been established.

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. 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 Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2012 Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with 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 Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues,

expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Accountant, or a summary thereof, to any Holder or Holders of Series 2012 Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, 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. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and the Bond Insurer, if any, 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 Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion 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 waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents 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 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 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 the issuance of the Series 2012 Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 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 such Series 2012 Bonds during the term thereof is, under the terms of such 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 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 2012 Bonds during the terms thereof is, under the terms of such Series 2012 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 2012 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan 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 2012 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2012 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 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. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2012 Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2012 Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2012 Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2012 Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Designation of Series 2012 Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2012 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2012 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and reasonably anticipates that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations described in Section 265(b)(3)(c)(ii) of the Code, including the Series 2012 Bonds, shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, all as determined in accordance with the Code.

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2012 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

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

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Series 2012 Bonds, as applicable;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall be made without the prior written consent of the applicable Bond Insurer or shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2012 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 Series 2012 Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts 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 Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, 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 Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2012 Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2012 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2012 Bonds, the first exchange of Series 2012 Bonds and the exchange of Series 2012 Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no

event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2012 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2012 Bond shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2012 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been

paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X
MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2012 Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series

2012 Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2012 Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2012 Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2012 Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Series 2012 Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2012 Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2012 Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

REGISTRAR

[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attn: Executive Director

DEPOSITORY BANK

[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set forth in the Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council, the Board or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2012 Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2

successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 3rd day of January, 2012, at 7:30 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading:	December 6, 2011
Second Reading:	December 20, 2011
Effective following Public Hearing held on:	January 3, 2012

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Attorney

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of THE CITY OF MORGANTOWN at a regular meeting of the City Council held on _____, 2012, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this _____ day of _____, 20___.

[SEAL]

_____
City Clerk

EXHIBIT A - SERIES 2012 BOND FORM

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012" (the "Series 2012 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 Bonds, and (iv) to pay certain costs of issuance of the Series 2012 Bonds and related costs. The Series 2012 Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2012, and supplemented by a supplemental resolution adopted by said Council on _____, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

[The Series 2012 Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by __[Bond Insurer]__.]

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

_____(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

_____
* Final Maturity

In the event of any redemption of less than all outstanding Series 2012 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 Bonds are to be redeemed, the Series 2012 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 Bond or Series 2012 Bonds to be

redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 Bonds or portions of Series 2012 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 Bonds or portions of Series 2012 Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 Bond.

The Series 2012 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 Bonds Sinking Fund, and the Series 2012 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 Bonds Sinking Fund and the Series 2012 Bonds Reserve Account and said unexpended Series 2012 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the

Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 Bonds of which this Series 2012 Bond is one.

This Series 2012 Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2012 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 Bond to be dated as of the Series 2012 Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

Mayor

[Manual or facsimile signature]

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 Bond is one of the fully registered Series 2012 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 Bonds.

Dated: _____, 2012.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

THE CITY OF MORGANTOWN, WEST VIRGINIA

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B

BOND ORDINANCE

Table of Contents

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

ARTICLE III
The Series 2012 BondS

Section 3.01	Form and Payment of Bonds
Section 3.02	Execution of Bonds
Section 3.03	Authentication and Registration
Section 3.04	Negotiability and Registration
Section 3.05	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.06	Term Bonds
Section 3.07	Notice of Redemption
Section 3.08	Persons Treated as Owners
Section 3.09	Temporary Bonds
Section 3.10	Series 2012 Bonds
Section 3.11	Book Entry System for Series 2012 Bonds
Section 3.12	Delivery of Series 2012 Bonds
Section 3.13	Form of Series 2012 Bonds
Section 3.14	Disposition of Proceeds of Series 2012 Bonds

Section 3.15 Disbursements from the Acquisition and Construction Fund

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01 Establishment of Funds and Accounts with Depository Bank
Section 4.02 Establishment of Funds and Accounts with Bond Commission
Section 4.03 System Revenues and Application Thereof

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01 Investments
Section 5.02 Continuing Disclosure Agreement
Section 5.03 Arbitrage
Section 5.04 Tax Certificate, Rebate and Rebate Fund

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01 Covenants Binding and Irrevocable
Section 6.02 Bonds not to be Indebtedness of the Issuer
Section 6.03 Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund
Section 6.04 Rates
Section 6.05 Completion of Project; Operation and Maintenance
Section 6.06 Sale of the System
Section 6.07 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 6.08 Additional Parity Bonds
Section 6.09 Insurance and Bonds
Section 6.10 Services Rendered to the Board or Issuer
Section 6.11 Enforcement of Collections
Section 6.12 No Competing Franchise
Section 6.13 Books and Records
Section 6.14 Operating Budget
Section 6.15 Mandatory Connections
Section 6.16 Statutory Mortgage Lien
Section 6.17 Tax Covenants
Section 6.18 Covenants Regarding the Municipal Bond Insurance Policy

Section 6.19 Designation of Series 2012 Bonds as "Qualified Tax Exempt Obligations".

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Events of Default
Section 7.02 Enforcement
Section 7.03 Appointment of Receiver
Section 7.04 Restoration of Issuer and Bondholder

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01 Appointment of Registrar
Section 8.02 Responsibilities of Registrar
Section 8.03 Evidence on Which Registrar May Act
Section 8.04 Compensation and Expenses
Section 8.05 Certain Permitted Acts
Section 8.06 Resignation of Registrar
Section 8.07 Removal
Section 8.08 Appointment of Successor
Section 8.09 Transfer of Rights and Property to Successor
Section 8.10 Merger or Consolidation
Section 8.11 Adoption of Authentication
Section 8.12 Paying Agent

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01 Defeasance; Discharge of Pledge of Ordinance

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment of Ordinance
Section 10.02 Evidence of Signatures of Bondholders and Ownership of Bonds
Section 10.03 Preservation and Inspection of Documents
Section 10.04 Cancellation of Bonds
Section 10.05 Failure to Present Bonds
Section 10.06 Notices, Demands and Requests
Section 10.07 No Personal Liability
Section 10.08 Law Applicable
Section 10.09 Parties Interested Herein

Section 10.10 Severability of Invalid Provisions
Section 10.11 Table of Contents and Headings
Section 10.12 Conflicting Provisions Repealed
Section 10.13 Procedure on Enactment of Ordinance; Public Hearing

SIGNATURES
CERTIFICATION
EXHIBIT A - SERIES 2012 BOND FORM

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS, PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 (TAX-EXEMPT) OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING BOND PURCHASE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS, PROVIDING FOR APPOINTMENT OF 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" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective January 3, 2012 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Issuer desired to amend the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2012 (Tax-Exempt) in one or more series in the aggregate principal amount of not more than $3,500,000 (the "Series 2012 Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on

the Series 2012 Bonds, funding a reserve account for the Series 2012 Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2012 Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2012 Bonds are proposed to be purchased by Crews & Associates, Inc., (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms and provisions of all documents relating to the Series 2012 Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2012 Bonds, hereinafter described, be approved, that the Issuer's Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2012 Bonds be herein provided for, all in accordance with said Ordinance,

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

Section 1. The following special funds are created with and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other:

(1) Cost of Issuance Fund; and

(2) Redemption Account

Section 2. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2012 Bonds. The Series 2012 Bonds shall be issued in the aggregate principal amount not to exceed $3,500,000, bear interest at a rate not to exceed 8.0% payable semiannually as shown on the Certificate of Determinations shall mature within 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however,

that the specific terms of the Series 2012 Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2012 Bonds Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2012 Bonds shall be as provided in the Ordinance, and the Series 2012 Bonds shall be in substantially the form provided in the Ordinance.

Section 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2012 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 4. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The execution of the Continuing Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 5. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby ratified and approved.

Section 6. The Registrar Agreement by and between the Issuer and the designated Registrar, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 7. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2012 Bonds.

Section 8. The Issuer does hereby authorize the Mayor to designate the Registrar.

Section 9. The Issuer does hereby authorize the Mayor to designate the Depository Bank.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The notice addresses for the Paying Agent and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Public Finance

Section 12. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2012 Bonds issue to the end that the Series 2012 Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 13. The General Manager of the Morgantown Utility Board is hereby authorized to approve invoices and requests for payment for the Project.

Section 14. The financing of the project with proceeds of the Series 2012 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. Upon approval by the Mayor, the Issuer may purchase insurance, as permitted by Section 6.18 of the Bond Legislation.

Section 16. This Supplemental Resolution shall be effective immediately.

[Remainder of Page Intentionally Left Blank]

Adopted this 6th day of March, 2012.

_____

Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on the 6th day of March, 2012.

Dated this _____ day of _____, 2012.

[SEAL]

_____
Clerk

627490.00044

EXHIBIT A

FORM OF

CERTIFICATE OF SERIES 2012 BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

CERTIFICATE OF DETERMINATIONS

The undersigned, Jim Manilla, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on ____, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), hereby finds and determines as follows:

1. The Series 2012 Bonds shall be dated the date of closing thereon (estimated to be _____ ____, 2012) and shall bear interest on June 1 and December 1 of each year commencing _____, 2012.

2. The Series 2012 Bonds shall be issued in the aggregate principal amount of $_____, a true interest cost of _____%. Such interest rates do not exceed 8.0%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2012 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2012 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2012 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2012 Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. _____, West Virginia is hereby designated as the Registrar

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

8. _____, West Virginia is hereby designated as the Depository Bank.

9. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2012 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2012 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this _____ day of _____, 2012.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2012 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (_____1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.

Schedule 2

Redemption Provisions:

EXHIBIT B

Form of Bond Purchase Agreement

EXHIBIT C

Form of Official Statement

APPENDIX F

Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend

payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Morgantown (the "Issuer"), and United Bank, Inc. (the "Dissemination Agent"), in connection with the issuance of $[2,325,000] City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on January 3, 2012 (the "Bond Ordinance"), as supplemented, amended and conformed by a Supplemental Parameters Resolution adopted by the City Council of the City on March 6, 2012 (the "Supplemental Resolution" and together with the Bond Ordinance as conformed, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated _____, 2012, which apply to any capitalized term used in the Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the current Mayor, City Manager, Utility Manager or Finance Director of the Issuer.

"Dissemination Agent" shall initially mean United Bank, Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of the Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds who are required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Issuer's fiscal year (presently June 30) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2012, provide to EMMA Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under the Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer thirty days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer

shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. Within 270 days of the Issuer's 2012 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

13. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action; or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed

---

1 For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Issuer. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. United Bank, Inc., is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change

in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Agreement, the Issuer shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by the Agreement. If the Issuer chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchasers), the Dissemination Agent or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the

Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Issuer:	City of Morgantown, West Virginia City Hall 389 Spruce Street Morgantown, WV 26505 Attention: City Manager
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301 Attention: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

Date: _____, 2012

CITY OF MORGANTOWN

By: _____
Its: Mayor

UNITED BANK, INCORPORATED,
as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Morgantown (West Virginia)

Name of Issue: $[2,325,000] City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

Date of Issuance: _____, 2012

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

CITY OF MORGANTOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

NEW ISSUE-FULL BOOK ENTRY
BANK QUALIFIED

In the opinion of Steptoe & Johnson, PLLC, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012 C Bonds is excluded from gross income for Federal income tax purposes pursuant to the Code, and (ii) such interest is not treated as a preference item in the calculation of the alternative minimum tax on individuals and purposes of calculating the alternative minimum tax. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, as presently written and applied, the Series 2012 C Bonds and the interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof. See "TAX MATTERS" herein.

THE CITY OF MORGANTOWN, WEST VIRGINIA
COMBINED UTILITY SYSTEM REVENUE BONDS
CONSISTING OF:

$2,330,000
SERIES 2012 C
(BANK QUALIFIED)

Dated: Date of Delivery **Due: October 1, as shown inside cover page**

The City of Morgantown, West Virginia Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 C Bonds") are being issued by The City of Morgantown (the "City") pursuant to an ordinance enacted by the City Council on January 3, 2012, as supplemented by a Supplemental Parameters Resolution adopted by the City Council on March 6, 2012 (collectively, the "Ordinance"). The Series 2012 C Bonds shall be issued only as fully registered Series 2012 C Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2012 C Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2012 C Bonds, payments of the principal of and interest on such Series 2012 C Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see APPENDIX F "Book-Entry Only System" attached hereto).

The Series 2012 C Bonds are being issued to provide funds: (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing stormwater utility portion (the "Project") of the City's combined waterworks, sewerage and stormwater system (the "System"); (ii) to fund a debt service reserve account for the Series 2012 C Bonds; and (iii) to pay certain costs of issuance related to the Series 2012 C Bonds.

THE SERIES 2012 C BONDS ARE PAYABLE FROM AND FURTHER SECURED BY THE GROSS REVENUES, AS HEREIN DEFINED, DERIVED FROM THE SYSTEM, AND ANY ADDITIONS, BETTERMENTS AND IMPROVEMENTS THERETO, AND FROM FUNDS ON DEPOSIT IN THE SINKING FUNDS CREATED THEREFOR, INCLUDING THE RESERVE ACCOUNTS ESTABLISHED THEREIN. THE SERIES 2012 C BONDS ARE BEING ISSUED ON A PARITY WITH OUTSTANDING BONDS (THE "PRIOR BONDS" AS DESCRIBED HEREIN). THE SERIES 2012 C BONDS DO NOT CONSTITUTE A CORPORATE INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATIONS, AND THE CITY SHALL NOT BE OBLIGATED TO PAY THE SERIES 2012 C BONDS OR ANY PREMIUM OR THE INTEREST THEREON EXCEPT FROM SUCH GROSS REVENUES AND SUCH FUNDS ON DEPOSIT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED TO, NOR SHALL A TAX EVER BE LEVIED FOR, THE PAYMENT OF THE PRINCIPAL OF, THE PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2012 C BONDS.

THIS COVER PAGE, INCLUDING THE INSIDE COVER PAGE HERETO, CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THE SERIES 2012 C BONDS. INVESTORS ARE ADVISED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY BEFORE MAKING AN INVESTMENT DECISION. THE PURCHASE OF THESE SERIES 2012 C BONDS HAS CERTAIN RISKS. SEE "INVESTMENT CONSIDERATIONS" HEREIN.

The Series 2012 C Bonds are subject to redemption prior to maturity as more fully stated herein.

United Bank, Inc., Charleston, West Virginia, is the Registrar and the West Virginia Municipal Bond Commission, Charleston, West Virginia, is the Paying Agent. Interest on the Series 2012 C Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2013. Principal of the Series 2012 C Bonds is payable on each October 1 as set forth on the inside cover page.

The Series 2012 C Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the City by Stephen Fanok, Esquire, Morgantown, West Virginia, counsel to the City and for the Morgantown Utility Board by Steptoe & Johnson PLLC, Charleston, West Virginia. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter. It is expected that the Series 2012 C Bonds will be available for delivery through the facilities at DTC, New York, New York, on or about October 5, 2012.

September 26, 2012

Crews&Associates
Member First Security Bancorp

$2,330,000

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND CUSIPS*

Series 2012 C Bonds

$280,000 1.50% Term Bonds, Due October 1, 2015 at 100.00% CUSIP: 61759CAV0
$190,000 2.00% Term Bonds, Due October 1, 2017 at 100.00% CUSIP: 61759CAW8
$200,000 2.50% Term Bonds, Due October 1, 2019 at 100.00% CUSIP: 61759CAX6
$325,000 3.00% Term Bonds, Due October 1, 2022 at 100.00% CUSIP: 61759CAY4
$355,000 3.25% Term Bonds, Due October 1, 2025 at 100.00% CUSIP: 61759CAZ1
$255,000 3.50% Term Bonds, Due October 1, 2027 at 100.00% CUSIP: 61759CBA5
$275,000 4.00% Term Bonds, Due October 1, 2029 at 100.00% CUSIP: 61759CBB3
$450,000 4.00% Term Bonds, Due October 1, 2032 at 97.312% CUSIP: 61759CBC1

* CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Series 2012 C Bonds only at the time of issuance of the Series 2012 C Bonds and neither the Underwriter nor the Issuer make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012 C Bonds.

THE CITY OF MORGANTOWN, WEST VIRGINIA

MAYOR
Jim Manilla

CITY MANAGER
Terrence Moore

COUNCIL
Ronald Bane, Jr.
Wes Nugent
William Byrne
Jennifer Selin
Martha Shamberger
Linda Herbst

CITY ADMINISTRATION
Linda Little – City Clerk
Stephen Fanok, Esquire – City Attorney

MORGANTOWN UTILITY BOARD MEMBERS
J.T. Straface
William Burton
John Ganz
Ron Bane
Frank Scafella

BOND COUNSEL
Steptoe & Johnson PLLC
Charleston, West Virginia

ENGINEER
Morgantown Utility Board

UNDERWRITER
Crews & Associates, Inc.
Charleston, West Virginia

UNDERWRITER'S COUNSEL
Jackson Kelly PLLC
Charleston, West Virginia

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 C Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the City and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the City as it relates to the System since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

The information contained in this Official Statement has been obtained from the City and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

Forward-Looking Statements

This Official Statement, and particularly the information contained in the caption "MORGANTOWN UTILITY BOARD – Historical and Projected Debt Service Coverage" contain statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

You should make your own decision whether this offering meets your investment objectives and risk tolerance level. No federal or state securities commission has approved, disapproved, endorsed or recommend this offering. No independent person has confirmed the accuracy or truthfulness of this disclosure, nor whether it is complete.

The Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended because of available exemptions therefrom.

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Series 2012 C Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

INTRODUCTION 1
FINANCING PLAN 3
THE SERIES 2012 C BONDS 4
SECURITY FOR THE SERIES 2012 C BONDS 7
THE CITY 11
THE MORGANTOWN UTILITY BOARD 12
DEBT SERVICE REQUIREMENTS 15
INVESTMENT CONSIDERATIONS 16
PRIOR DEBT SERVICE RESERVE ACCOUNTS 21
LITIGATION 21
LEGAL MATTERS 21
TAX MATTERS 21
UNDERWRITING 24
INDEPENDENT AUDITORS 24
CONTINUING DISCLOSURE 24
MISCELLANEOUS 25

APPENDIX A – The City of Morgantown and Monongalia County A-1
APPENDIX B – The System B-1
APPENDIX C – Financial Statements of the Utility Board C-1
APPENDIX D – Form of Bond Counsel Opinions D-1
APPENDIX E –The Ordinance as Supplemented and Amended E-1
APPENDIX F – Book-Entry Only System F-1
APPENDIX G – Form of Continuing Disclosure Agreement G-1

OFFICIAL STATEMENT

relating to

THE CITY OF MORGANTOWN, WEST VIRGINIA COMBINED UTILITY SYSTEM REVENUE BONDS CONSISTING OF:

$2,330,000
SERIES 2012 C
(BANK QUALIFIED)

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning The City of Morgantown, West Virginia (the "City"), the City's combined waterworks, sewerage and stormwater system (the "System") and the City's $2,330,000 Combined Utility System Revenue Bonds, Series 2012 C (the "Series 2012 C Bonds"). The Series 2012 C Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance enacted by the Council of the City on January 3, 2012 (the "Bond Ordinance"), as supplemented and conformed by a supplemental parameters resolution adopted by the Council of the City on March 6, 2012 (the "Supplemental Resolution"), and a certificate of determinations executed by the Mayor of the City on September 26, 2012 (the "Certificate of Determinations," and collectively with the Bond Ordinance and Supplemental Resolution, hereinafter the "Ordinance"). Certain capitalized terms used and not defined herein shall have the meanings set forth in the Ordinance.

The proceeds of the Series 2012 C Bonds will be used as follows: (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing stormwater utility portion of the System (the "Project"); (ii) to fund a debt service reserve account for the Series 2012 C Bonds; and (iii) to pay certain costs of issuance related to the Series 2012 C Bonds.

There are outstanding obligations of the City which will rank on a parity with the Series 2012 C Bonds as to liens, pledge, source of and security for payment, being (1) Combined Utility 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 Utility 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

* The Series 1992 Bonds will mature December 1, 2012.

Utility 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"), (4) Combined Utility 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"), (5) Combined Utility 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"), (6) Combined Utility 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 "Series 2006 A Bonds"), (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original principal amount of $8,500,000 (the "Series 2007 A Bonds"), (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"), (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program), dated January 28, 2010, issued in the original principal amount of $81,600 (the "Series 2010 B Bonds")*, (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original principal amount of $15,380,227 (the "Series 2010 C Bonds"), (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original principal amount of $9,317,286 (the "Series 2010 D Bonds"), (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program), dated January 28, 2010, issued in the original principal amount of $100,000 (the "Series 2010 E Bonds"), (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original principal amount of $7,250,000 (the "Series 2010 F Bonds"), (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original principal amount of $570,000 (the "Series 2012 A Bonds"), and (15) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original principal amount of $444,835 (the "Series 2012 B Bonds")* (collectively, the "Prior Bonds"). The Series 2012 C Bonds and the Prior Bonds are collectively referred to herein as the "Bonds".

The Bonds are payable from and secured by the Gross Revenues, as defined in the Ordinance, derived from the System and any additions, betterments and improvements thereto, and from funds on deposit in the Sinking Funds, including the Reserve Accounts therein. The Bonds do not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, and the City shall not be obligated to pay the Bonds or any premium or the interest thereon except from such Gross Revenues and such funds on deposit. See "SECURITY FOR THE SERIES 2012 C BONDS - Rate Covenant."

The City may issue additional bonds on a parity with the Bonds. See "SECURITY FOR

* Principal Forgiveness Bonds. Amounts advanced under such Bonds are deemed forgiven on June 30 in the year advanced.

THE SERIES 2012 C BONDS - Additional Parity Bonds."

Brief descriptions of the Bonds, the Ordinance, the Project, the System, the City, the Undertaking and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Ordinance, the Undertaking, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Ordinance.

FINANCING PLAN

The Project

The Series 2012 C Bonds are being issued to provide moneys for acquiring and constructing certain extensions, additions, betterments and improvements to the stormwater utility portion of the System, specifically including, but not limited to, a drainage improvement project intended to reduce flooding at the intersection of W.V. Route 7 and W.V. Route 857 (Hartman Run Rd.), the principal improvement being replacement of an existing undersized culvert which is also failing structurally, by installation of a new, larger culvert and an overflow relief culvert, at a cost of approximately $2,475,000 (collectively, the "Project"), in accordance with the plans and specifications prepared by the Morgantown Utility Board. In addition to the proceeds of the Series 2012 C Bonds, cash contributions from the City, in the amount of $100,000, and the Morgantown Utility Board, in the amount of $50,000, will be applied to pay the costs of the Project.

The City has received bids for the Project compatible with the proposed financing. The City estimates all construction will be completed on the Project by October 31, 2013.

Sources and Uses of the Series 2012 C Bonds

Sources of Funds			
Principal Amount of Series 2012 C Bonds			$2,330,000.00
Original Issue Discount – Series 2012 C Bonds			(12,096.00)
	TOTAL	$	2,317,904.00
Uses of Funds			
Deposit to Construction Fund			$2,050,000.00
Deposit to Reserve Account			166,062.50
Underwriter's Discount			34,950.00
Costs of Issuance (1)			66,891.50
	TOTAL	$	2,317,904.00

(1) Includes bond counsel fee, underwriter's counsel fees, printing fees, rounding amount, and registrar fee.

THE SERIES 2012 C BONDS

General

The Series 2012 C Bonds are dated the date of delivery, and bear interest from said date upon original issuance. All Series 2012 C Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date from such interest payment date or, if no interest on such bonds has been paid, from the date thereof; provided however, that, if interest on such bond shall be in default, as shown by the records of the Registrar, as defined below, then any bond issued in exchange for a bond surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial bonds surrendered. The Series 2012 C Bonds will bear interest from their date, payable semiannually on each April 1 and October 1 in each year, commencing April 1, 2013 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the bond is called for prior redemption and payment on such date is provided for.

The Series 2012 C Bonds will be issued as fully registered bonds in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Bonds shall be payable by check or draft made payable and mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner thereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of the Series 2012 C Bonds, by notice given to the Registered Owners at the address of such Registered Owner as it appears on the registration books of the City maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar") or, at the option of any Registered Owner of $1,000,000 or more of the Series 2012 C Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner. Principal of and premium, if any, on the Series 2012 C Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender thereof at the principal corporate trust office of the Paying Agent.

Ownership of any bond may be transferred only by transfer of registration presented to the Registrar by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or his duly authorized attorney or legal representative. Upon any such transfer of a bond, there will be issued another bond or bonds, at the option of the Holder or transferee, of the aggregate principal amount equal to the unpaid amount of the transferred bond and of the same series, interest rate and maturity of said transferred bond. For every exchange or transfer of the bonds, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. Any applicable tax, governmental charge or charge to reimburse the

Registrar for any tax or governmental charge shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of the bonds that have been called for redemption.

Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

*Final Maturity

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

Notice of Redemption

Notice to the Registered Owner and the Underwriter of any redemption shall be given by the Registrar at least 30 days and not more than 60 days prior to the date fixed for redemption by registered or certified mail to the address appearing in the Register or to such other address as is

*Final Maturity

furnished in writing by such Registered Owner to the Registrar. Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2012 C Bonds, and failure to mail such notice shall not affect the validity of any such proceedings for the redemption of any portion of the Series 2012 C Bonds for which there was no failure. After notice of redemption has been given in the manner hereinabove and in the Ordinance described, and moneys necessary therefor have been deposited with the Paying Agent, the Series 2012 C Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

SECURITY FOR THE SERIES 2012 C BONDS

The Bonds are special obligations of the City and are payable as to principal, premium, if any, and interest solely from the sources described below. The City is under no obligation to pay the Bonds except from said sources.

Sources of Payment

The payment of the debt service on all of the Series 2012 C Bonds shall be secured equally and ratably by a first lien on the Gross Revenues derived from the operation of the System, on a parity with one another and with the lien on the Gross Revenues in favor of the Owners of the Prior Bonds and, in the instance of the Series 2012 C Bonds, all moneys and securities in the Series 2012 C Bonds Sinking Fund, including the Reserve Accounts therein. Gross Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Ordinance, and the funds in the Sinking Fund are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

The City covenants and agrees in the Ordinance that the schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created thereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City, through the Ordinance, 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 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds, and all other

obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds.

The City, through the Ordinance, covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. See "Appendix E – The Ordinance as Supplemented and Amended."

Reserve Account

Pursuant to the Ordinance there will be created with the Bond Commission in the Sinking Fund, a Reserve Account for the Series 2012 C Bonds (the "Series 2012 C Bonds Reserve Account") which will be funded at closing from the proceeds of the Bonds in an amount equal to the reserve requirement. In addition to the Reserve Account, most of the Prior Bonds have reserve accounts funded by surety bonds (see "PRIOR DEBT SERVICE RESERVE ACCOUNTS" herein). The Series 2012 A Bonds have a reserve account that is being funded over ten years. The Series 2012 B Bonds are not required to have a reserve account. Moneys in the Reserve Account shall be used only to pay principal of, or interest on the Series 2012 C Bonds as due when other moneys in the Sinking Fund are insufficient therefor; provided, that any such moneys in excess of the respective Reserve Account Requirement shall be withdrawn semi-annually from the respective Reserve Account and deposited in the respective Sinking Fund. The City is required to restore any withdrawals from the Reserve Account as follows: to the extent Net Revenues and any other legally available funds are available therefore, the amount so deposited shall be used to restore the amount of moneys on deposit in the Reserve Account to an amount equal to the Reserve Requirement to the full extent that such Net Revenues are available; provided however, that if the shortfall in the Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Reserve Account whenever and as long as the amount deposited therein shall be equal to the Reserve Requirement. See, "Appendix E - The Ordinance as Supplemented and Amended."

Renewal and Replacement Fund

The City is required after the payments into the Sinking Funds described above and after the payment of Operating Expenses, on the first day of each month to transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 ½ %) of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required thereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund. See "Appendix E -- The Ordinance as Supplemented and Amended."

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with the Depository Bank, for disposition in the following order of priority (except as described below): (1) first, (i) for monthly deposit in the Prior Bonds Sinking Funds, the amounts required by the Prior Ordinances to pay the interest on the Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date of the Series 2012 C Bonds, for deposit in the Series 2012 C Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2012 C Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 C Bonds Sinking Fund and the next ensuing semi-annual interest payment date is more or less than 6 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semi-annual interest payment date, the required amount of interest coming due on such date; and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 C Bonds Sinking Fund shall be reduced by the amount of accrued interest in the Series 2012 C Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 C Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 C Bonds Sinking Fund; (2) next, (i) for monthly deposit in the Prior Bonds Sinking Funds, the amounts required by the Prior Ordinances to pay the principal on the Prior Bonds; and (ii) for deposit in the Sinking Fund (and in the Series 2012 C Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2012 C Bonds, a sum equal to 1/12 of the amount (or 1/6 of the amount if the Series 2012 C Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2012 C Bonds on the next ensuing annual principal payment date or mandatory Redemption Date (provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 C Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 12 months (or 6 months if the Series 2012 C Bonds mature semiannually rather than annually), then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 C Bonds Sinking Fund and not previously credited pursuant to the

preceding paragraph); (3) next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds the amounts required by the Prior Ordinances; and (ii) for deposit in the Series 2012 C Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2012 C Bonds Reserve Account below the Series 2012 C Bonds Reserve Requirement, or any withdrawal from the Series 2012 C Bonds Reserve Account; (4) next, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System; and (5) on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to not less than 2½% 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. See "Appendix E – The Ordinance as Supplemented and Amended."

As described under "Sources of Payment" above, all payments on the Bonds are on a parity with each other and are secured by the Gross Revenues of the System.

Enforcement of Collections

The City covenants in the Ordinance to 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 and other charges that 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. Such fees, rates, rentals and charges, if not paid when due, shall, to the extent allowed by the Act, become a lien on the premises served by the System.

The City further covenants and agrees that it will, subject to applicable State law and regulations, and under such rules and regulations as may be prescribed by the Public Service Commission of West Virginia and the City, discontinue and shut off the services and facilities of the System to all delinquent users of the System and will not restore such services of the System until all delinquent amounts, plus reasonable interest penalty charges for the restoration of service, have been fully paid or an appropriate payment plan has been established.

Additional Parity Bonds

The Ordinance provides for the issuance of additional bonds on a parity with the Bonds with respect to their lien on the Gross Revenues of the System and their source of and security for payment from said Gross Revenues (the "additional parity Bonds") for the following purposes and under the following conditions:

No such additional parity Bonds shall be issued except for the purpose of (i) financing the costs of design, acquisition or construction of extensions, additions, betterments or improvements to the System; (ii) refunding all or a portion of one or more series of Bonds, or the Prior Bonds or any

future Parity Bonds issued hereunder; (iii) paying claims which may exist against the revenues or facilities of the System; or (iv) all such purposes.

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 such additional 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 an Independent Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments provided in the Ordinance, from the System during any 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such additional parity bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall not be less than 115% of the greatest amount of debt service required to be paid for the then current or any succeeding fiscal year on the following:

(1) The Series 2012 C Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

(3) Any additional parity bonds theretofore issued pursuant to the provisions contained in the Ordinance then Outstanding; and

(4) The additional parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years" as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such additional parity bonds and any increase in rates enacted by the City, the period for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in the aforementioned certificate of Independent Accountants, which shall be filed in the office of the Clerk of the City prior to the issuance of such additional parity Bonds. See "Appendix E – The Ordinance as Supplemented and Amended."

THE CITY

The City is a political subdivision and Class II City of the State of West Virginia. Located in Monongalia County (as the seat of County government) in northern West Virginia, the City is the fourth largest city in the State and has a population of approximately 29,660 (approximately 96,189 in Monongalia County) (2010 Census estimate). (See "Appendix A -- The City of Morgantown and Monongalia County" herein).

City Government

The City Government is organized under the "Manager Plan," which is Plan IV of the charter plans authorized by Chapter 8, Article 3, Section 2 of the Code of West Virginia, 1931, as amended. Within the provisions of this Plan, the City elects a Council comprised of seven members, on a ward basis, each for two (2) year, non-staggered, terms. The Council elects the Mayor from its membership who serves as the presiding officer of the Council. Council appoints a City Manager. Council, including the Mayor, constitutes the governing body of the City. The City Manager is the administrative authority. The City Manager manages the affairs of the City under the supervision of the Council and is responsible to such Council. The City Manager appoints or employs all subordinates and employees for whose duties or work he is responsible to the Council.

Name, Title	Term Expires
Jim Manilla, Mayor	June 30, 2013 (as Council member) June 30, 2013 (as Mayor)
Ronald Bane, Jr., Council Member	June 30, 2013
Wes Nugent, Council Member	June 30, 2013
William Byrne, Council Member	June 30, 2013
Jennifer Selin, Council Member	June 30, 2013
Martha Shamberger, Council Member	June 30, 2013
Linda Herbst, Council Member/Deputy Mayor	June 30, 2013
Linda Little, City Clerk, appointed by Council	at will and pleasure of Council
Terrence Moore, City Manager, appointed by Council	at will and pleasure of Council

THE MORGANTOWN UTILITY BOARD

The Morgantown Utility Board (the "Utility Board") was created by the City to operate the City's water, sewer and stormwater systems, and is a municipally owned and operated utility providing potable water, sanitary sewer, and stormwater services to the City and portions of Monongalia County. This service area includes the municipalities of Westover, Star City, Granville, the facilities of West Virginia University, and surrounding unincorporated areas. The System provides direct water service to 24,509 connections and direct sewer service to approximately 19,063 service connections. The Utility Board also provides bulk water sales to approximately 10,600 customer accounts (including public service districts) and bulk sewerage treatment for surrounding districts. The Utility Board's stormwater system serves 14,615 customers.

Utility Board facilities are valued at over $179 million. This includes a main wastewater treatment plant in Star City, a wastewater treatment plant at Cheat Lake, and a water treatment plant in Morgantown. In addition, approximately 411 miles of water distribution lines, 298 miles of sewerage collection lines, and 225 miles of stormwater system lines are located throughout the System.

The Utility Board was created in 1987 by the City under the provisions of the Combined Waterworks and Sewerage Systems Act (WV Code 8-20-1). The former Morgantown Water Commission and the Morgantown Sanitary Board were merged to create the Utility Board. The Utility Board began operating the stormwater system in August, 2002.

The Utility Board is comprised of five residential customers of the Utility Board appointed by the Morgantown City Council for terms of five years. In addition to being customers of the System, up to two Utility Board members may be residents of Monongalia County residing outside of the City, and all others must be residents of the City. These individuals are responsible for the management, control, and operation of the System. The Utility Board selects a chair and other officers from its members annually. The names and terms of the current Utility Board members are:

Morgantown Utility Board Members

Member	Term Expires
J.T. Straface (Chairman)	November 1, 2012
William Burton (Vice Chairman)	November 1, 2013
John Ganz	November 1, 2015
Ron Bane (Treasurer)	November 1, 2014
Frank Scafella (Secretary)	November 1, 2016

(The System and the System's management are more fully described in "Appendix B – The System" herein).

Coverage Ratios

Under the Ordinance, the City has covenanted to collect fees and charges which shall be sufficient at all times to produce projected annual Net Revenues equal to not less than 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds. See "SECURITY FOR THE SERIES 2012 C BONDS -- Rate Covenant."

The following table presents the historical debt service coverage ratio for the Prior Bonds for the fiscal years ended June 30, 2009 through June 30, 2012 and projected debt service coverage ratio for the fiscal years ended June 30, 2013 through June 30, 2015. See "Appendix B – The System" and "Appendix C – Financial Statements of the Utility Board".

[The remainder of this page is intentionally blank.]

Historical and Projected Debt Service Coverage (Fiscal Year Ended June 30)

	2009	2010	2011	Unaudited 2012	Projected 2013†	Projected 2014†	Projected 2015†
Total Operating Revenues	14,548,013	15,329,210	15,574,960	18,916,676	21,935,475	22,374,185	22,821,668
Total Operating Expenses	14,761,487	14,226,473	14,394,604	15,308,271	17,663,761	18,825,000	19,950,000
Other Gain or Loss	-15,913	-607,393	-584,431	-1,242,974	-2,138,411	-2,353,961	-2,205,879
Net Income/(Loss)	-229,387	495,344	595,925	2,365,430	2,133,303	1,195,224	665,789
Interest Expense	302,065	1,183,914	1,994,761	2,112,858	3,141,271	3,254,674	3,188,644
Depreciation Expense	3,914,079	3,630,905	3,660,907	3,753,000	4,500,000	5,200,000	5,900,000
Available for Debt Service	3,986,757	5,310,163	6,251,593	8,231,288	9,774,574	9,649,898	9,754,433
Debt Service Requirement	2,131,377	2,544,102*	2,926,948*	5,357,655*	6,683,064	6,848,786	6,862,800
Coverage	187%	209%	214%	154%	146%	141%	142%
*Net of Capitalized Interest							

† Debt Service Coverage for Projected 2013, 2014 and 2015 are preliminary and subject to change.

Source: Morgantown Utility Board

[The remainder of this page is intentionally blank.]

DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year during which the Series 2012 C Bonds will be outstanding the amounts payable from Gross Revenues.

	Prior Bonds Principal	Prior Bonds Interest	Series 2012 C Principal	Series 2012C Interest	Total
6/30/2011	2,081,452	2,813,386			4,894,838
6/30/2012	2,128,516	2,768,713			4,897,229
6/30/2013	3,547,925	3,099,836		35,304	6,683,064
6/30/2014	3,513,131	3,174,118	90,000	71,538	6,848,786
6/30/2015	3,587,564	3,110,086	95,000	70,150	6,862,800
6/30/2016	3,440,800	3,041,155	95,000	68,725	6,645,680
6/30/2017	3,280,705	2,974,674	95,000	67,063	6,417,442
6/30/2018	3,352,549	2,905,264	95,000	65,163	6,417,975
6/30/2019	3,420,132	2,833,021	100,000	62,963	6,416,115
6/30/2020	3,493,471	2,748,090	100,000	60,463	6,402,023
6/30/2021	3,572,584	2,650,477	105,000	57,638	6,385,698
6/30/2022	3,652,483	2,550,079	110,000	54,413	6,366,974
6/30/2023	3,733,176	2,446,083	110,000	51,113	6,340,371
6/30/2024	3,814,706	2,337,632	115,000	47,594	6,314,931
6/30/2025	3,902,064	2,225,474	120,000	43,775	6,291,313
6/30/2026	3,914,419	2,106,565	120,000	39,875	6,180,859
6/30/2027	3,765,962	1,977,789	125,000	35,738	5,904,489
6/30/2028	3,860,925	1,857,856	130,000	31,275	5,880,056
6/30/2029	3,514,940	1,724,887	135,000	26,300	5,401,127
6/30/2030	3,127,918	1,591,617	140,000	20,800	4,880,335
6/30/2031	3,226,697	1,459,373	145,000	15,100	4,846,170
6/30/2032	3,321,053	1,322,390	150,000	9,200	4,802,643
6/30/2033	2,284,890	1,185,091	155,000	3,100	3,628,081
6/30/2034	1,989,915	1,064,225			3,054,140
6/30/2035	2,065,012	940,293			3,005,305
6/30/2036	2,150,109	811,261			2,961,370
6/30/2037	2,235,208	676,809			2,912,017
6/30/2038	2,325,307	536,780			2,862,087
6/30/2039	2,415,406	391,011			2,806,417
6/30/2040	2,482,768	239,187			2,721,955

Source: Morgantown Utility Board

INVESTMENT CONSIDERATIONS

Gross Revenue Pledge

The Bonds are secured solely by the Gross Revenues of the System. There can be no guarantee that current rates of the System will always produce revenue sufficient to pay the debt service on the Bonds. The City has covenanted in the Ordinance to raise the rates of the System if the Gross Revenues of the System are not sufficient to provide 115% coverage of the maximum annual debt service of the Bonds and all bonds issued on a parity with the Bonds. After enactment of a rate increase, however, if twenty-five percent of the City's customers file a petition protesting the rate increase or if a claim is made protesting the proposed rates on the basis of discrimination, the Public Service Commission of West Virginia (the "PSC") will have jurisdiction to review and modify the rates of the City. There can be no assurance that the PSC will approve the increase of rates and charges to a level sufficient to generate revenue sufficient to pay the debt service on the Bonds, if 25% of the City's customers petition the PSC.

Future Legislation

Current or future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. For example, both the American Jobs Act of 2011, introduced by President Obama on September 12, 2011 (the "Jobs Act"), and the federal budget for fiscal year 2013, proposed by President Obama on February 13, 2012 (the "2013 Proposed Budget"), would, for tax years beginning on or after January 1, 2013, limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Bonds if the 2013 Proposed Budget, the Jobs Act or other legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal income tax purposes.

The Public Service Commission of West Virginia

In West Virginia, municipal water and sewer utilities such as the City are subject to regulatory oversight by the Public Service Commission of West Virginia (the "Commission") in certain situations. Specifically, pursuant to Chapter 24, Article 2, Section 11 of the Code of West Virginia, 1931, as amended, utilities must obtain a certificate of public convenience and necessity prior to proceeding to construction for projects which are outside of "the normal course of business."

Additionally, rate increases approved by the Council of the City are subject to review for regulatory "notice" requirements and, under certain circumstances, the actual proposed rates. Municipal water and sewer utilities in West Virginia do not have the ability to adjust rates without the possibility of regulatory review. The parameters surrounding this review are discussed below. Such regulatory review may delay or halt the implementation of rate increases which could cause the utility to fail to meet rate covenants or produce revenue sufficient to pay debt service.

The Commission has two levels of review. Most cases are initially assigned to an administrative law judge ("ALJ") for decision. The Commission employs a "staff" comprised of engineers, lawyers and financial analysts (the "Staff") to review cases and make recommendations. The City is also permitted to make recommendations, as are other parties who are granted "intervenor" status. The ALJ may conduct a hearing, at which evidence is presented and witnesses for all parties may be cross-examined, after which a recommended decision is issued. Any party to the underlying proceeding, including a party granted intervenor status, may take exception to the recommended decision of the ALJ, in which case the matter is referred to the full Commission for decision. The rates charged for the stormwater portion of the System are not currently subject to Commission review.

Commission Regulatory Oversight of Rate Increases

Pursuant to Chapter 8, Article 11, Section 4, Chapter 8, Article 20, Section 10 and Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended, the Council of the City has the ability to establish rates for the water and sewer utilities through the enactment of an ordinance, following a public hearing on such ordinance. In the enactment of such an ordinance, the City must comply with regulations of the Commission related to providing notice of such proposed rate increase. The Commission reviews the compliance of the City with such regulations and, if the Commission determines that the City has failed to satisfy the requirements of the regulations, the Commission may declare the rate ordinance invalid.

In such instance, the City would have no choice but to reenact the ordinance.

Commission Review of Proposed Rate Increases

Once enacted, the proposed rates are subject to review by the Commission under the following scenarios:

1. More than 25% of the customers of the City sign a petition asking that the Commission review the rates proposed by the City; or

2. A customer of the City, which resides within the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory;" or

3. A customer of the City, which resides outside of the municipal boundaries of the City, alleges in writing that the rates being proposed by the City are "discriminatory."

If any of the above occurs, the Commission then takes "jurisdiction" over the rates, initiating an investigation into the need for the proposed rates. Pursuant to Chapter 24, Article 2, Section 4b of the Code of West Virginia, 1931, as amended (the "PSC Act"), the rates enacted by the City are suspended for 120 days from the date the rates would otherwise have gone into effect (i.e., 45 days from enactment of the rate ordinance) and the new rates, if any, established by the Commission will go into effect at that end of the suspension period.

The Commission views the term "discrimination" to include more situations than those where a different rate is applied to resident and non-resident customers. The Supreme Court of Appeals of West Virginia previously affirmed the Commission's interpretation of the term "discrimination" when the court held that verified allegations, "which included the failure of the [municipality] to perform a class cost of service study and the discriminatory imposition of certain costs to resale customers, were sufficient to meet the requirements" found in the PSC Act. *City of Wheeling v. Pub. Serv. Comm'n of W. Va.*, 199 W. Va. 252, 257, 483 S.E.2d 835, 840 (1997).

The City has eight bulk water resale customers. Any one resale customer may allege "discrimination," causing the Commission to take jurisdiction over any proposed rate increase. Likewise, any one customer located within the City limits may allege "discrimination," also causing the Commission to take jurisdiction over any proposed rate ordinance.

Potential Delays for the Enactment of Rate Increases

Generally, the process of enacting a rate ordinance requires a minimum of two weeks (two readings by Council, separated by sufficient time to allow for the publication of a public hearing prior to the second reading, with the first publication for the public hearing being not less than 5 days prior to the date of the publication). Pursuant to the PSC Act and regulations of the Commission, the rates cannot go into effect any sooner than 45 days from the date of enactment, provided that an appeal of the proposed rates does not occur. In the event that the Commission takes jurisdiction of the rate increase, the Commission will establish a decision due date for the ALJ that is generally 30 days prior to the end of the 120-day suspension period. If any of the parties, however, appeal the ALJ's recommended decision to the full Commission, the Commission will render its decision no later than the end of the 120-day suspension period. Additionally, a decision of the Commission may be appealed to the Supreme Court of Appeals of West Virginia, which has no statutory time frame within which to render a decision.

Consequently, the time period from the first reading of a rate ordinance to the increased rates being charged to the customers is a minimum of 60 days, and if the Commission takes jurisdiction, can exceed 180 days (Commission approved rates are billable during an appeal to the Supreme Court of Appeals of West Virginia, unless suspended by the Commission or the Court). From the date the

new rates begin to be charged, the City should realize revenues in approximately 45 to 60 days. Resale customers are required to obtain authorization from the Commission for any necessary increase in resale rates. Such increases are often granted by the Commission after the rates for the City go into effect, which means no assurance exists that resale customers will have sufficient revenues to begin paying the increased resale rates. The Commission can, and has on occasion, pre-approved resale rate increases in advance of the effective date of the new rates. As a result, resale customers may have the ability to begin charging the new resale rates of the City as soon as the rates go into effect.

Test Year

If the Commission takes jurisdiction over a municipality's rate ordinance as described above, the regulations of the Commission require a municipality to file "financial justification" for the proposed rate increase. This financial justification must be based on financial data from the most recent actual audited or finally closed twelve-month period, also known as the "test year." Events which occur outside the test year are not generally permitted in the rate adjustment. A determination at the end of any twelve-month period that a rate increase is necessary may not result in increased rates and collections for nine months or more from the end of that period.

The City has the option to proceed with a rate increase at any time during the course of the year, however, the financials examined by the Commission will be the financials for the most recent full fiscal year, not the 12-month period immediately preceding the date of the request.

Reliance on "Known and Measurable" Adjustments

When considering adjustments to the rates of a utility for costs occurring during the "test year," the Commission's regulations require that the need for, and amount of, such adjustments be based on information that is "known and measurable." As a result, a change in revenues or expenses must, in most cases, have occurred in the test year being analyzed. If an increase in a cost, or a decline in revenue, is anticipated for the coming year, the Commission generally will not take such change into account for rate making purposes unless the change occurs during the test year.

As a result of the requirement that the support for adjustments be "known and measurable," the Commission will generally not allow multi-year rate increases to address anticipated inflation or drops in customer usage. Therefore, the City must initiate the rate ordinance process, and potential Commission review, whenever increased costs or decreased revenues necessitate a rate increase.

Emergency Rate Increase

The PSC Act permits utilities to request "emergency rates" if the utility is in "financial distress." Financial distress has been defined by the Commission to mean the utility is unable to pay operation and maintenance expenses and the principal and interest on the utility's debt obligations.

Such rates, however, are subject to refund, in the event the Commission determines that the emergency rates, or any portion thereof, are not warranted. Generally, emergency rates CANNOT be obtained to meet coverage requirements in bond documents.

Treatment of Renewal and Replacement Funds

Most municipal water utilities in the state are required, pursuant to the terms of their outstanding bonds, to deposit 2.5% of gross revenues in a "Renewal and Replacement Fund" or "Depreciation Account" each month. The purpose of this account is to provide monies for capital repairs and improvements, to construct extensions and to make up deficiencies in the reserve funds. In recent years, the Commission has taken the position that while the deposits should be made into the Account each month, such deposits are to be included in the calculation of the City's funds available for capital additions for the year. The Commission generally calculates funds available for capital additions by averaging capital additions for the last five years; provided, however, the Commission will consider a different calculation if the utility can demonstrate the need for a higher capital requirement. Consequently, the City is not permitted to accumulate funds to be used for unforeseen capital repairs and replacements, for needed extensions or to replenish draws from the reserve funds as the account is to be utilized each year as part of the ongoing capital expenditures for the system. The City's inability to maintain funds for emergencies increases its risk of utilizing revenues to pay for emergency repairs leaving insufficient funds to pay debt service on the Bonds.

Annual Municipal Audit

Pursuant to Chapter 6, Article 9 of the Code of West Virginia, 1931, as amended (the "Audit Act"), the State Auditor, as the chief inspector and supervisor of public offices (the "Chief Inspector") is charged with the responsibility of (1) formulating, prescribing and installing a system of accountability for all local units of government in West Virginia, including municipalities and (2) examining the financial affairs of every local government office or political subdivision and all boards, commissions, authorities, agencies or other offices. The City is a local government under the Audit Act. Accordingly, pursuant to Section 7 of the Audit Act, an audit of the City's finances must be accomplished by the Chief Inspector or any person appointed by him. The Chief Inspector has developed procedures which allow certain municipalities to obtain audit services from certain approved accounting firms. The City has been instructed by the Chief Auditor to procure audit services pursuant to such procedures. The procedures developed by the Chief Inspector to procure a CPA firm for the audit require written approval of all contracts and extensions to contracts by the Chief Inspector prior to the commencement of work on the audit by the CPA firm. Additionally, the Chief Inspector is authorized to unilaterally cancel any contract between the City and a CPA firm under certain conditions and elect to perform the audit. Accordingly, the actions or lack of actions of the Chief Inspector may adversely impact the ability of the selected CPA firm to timely complete the annual audited financial information required to be submitted to EMMA pursuant to the Continuing Disclosure Agreement. See "Continuing Disclosure" herein. Additionally, the City has no power to

require the Chief Inspector to take any action required under such procedures that would ensure the completion of the audit to meet the timely filing of such information.

PRIOR DEBT SERVICE RESERVE ACCOUNTS

The reserve accounts for the Prior Bonds, other than the Series 2012 A Bonds and Series 2012 B Bonds, have been funded with surety bonds issued by Assurance Corp. Assurance Corp. has been downgraded by the rating agencies. If the surety bonds are terminated, the City must replenish the reserve accounts for the Prior Bonds with either cash, a letter of credit or other surety bonds. The reserve account for the Series 2012 A Bonds will be funded over ten years. The Series 2012 B Bonds do not have a reserve account, as they will be deemed forgiven June 30, 2013. The Series 2012 C reserve account will be funded from bond proceeds.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body, now pending or, to the best knowledge of the City, threatened or affecting the City, the Utility Board or the Project (or, to the City's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the City's financial position or on the validity of the Series 2012 C Bonds, the Ordinance, the Project, or any agreement to which the City is a party and which is a part of the issuance of the Series 2012 C Bonds.

LEGAL MATTERS

The authorization and issuance of the Series 2012 C Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix D to this Official Statement. Certain legal matters will be passed upon for the City by its counsel, Stephen Fanok, Esquire, Morgantown, West Virginia, for the Utility Board by its counsel, Steptoe & Johnson, PLLC, Charleston, West Virginia, and for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

Tax-Exemption

In the opinion of Bond Counsel for the Series 2012 C Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming continued compliance of the City with certain covenants designed to meet the requirements of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2012 C Bonds is excludable from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest

on the Series 2012 C Bonds is not a specific item of tax preference under Section 57 of the Code for purposes of the Federal individual or corporate alternative minimum taxes. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Furthermore, Bond Counsel is of the opinion that interest on the Series 2012 C Bonds is exempt from all taxation, including personal income taxation, by the State of West Virginia or any county, municipality, political subdivision or agency thereof and its political subdivisions.

A copy of the opinion of Bond Counsel for the Series 2012 C Bonds is set forth in Appendix D, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2012 C Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Series 2012 C Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2012 C Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2012 C Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2012 C Bonds may adversely affect the tax status of the interest on the Series 2012 C Bonds.

Certain requirements and procedures contained or referred to in the Series 2012 C Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2012 C Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2012 C Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson, PLLC.

Although Bond Counsel is of the opinion that interest on the Series 2012 C Bonds will be excludable from gross income for Federal and West Virginia income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 C Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and Bondholders or potential Bondholders are urged to consult with their tax advisors with respect to the effects of purchasing, holding or disposing of the Series 2012 C Bonds on the tax liabilities of the individual or entity.

Designation of Qualified Tax-Exempt Obligations

The City has designated the Series 2012 C Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Original Issue Discount

The Series 2012 C Bonds maturing on October 1, 2032 (the "Discount Bonds"), are being sold at an original issue discount. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bonds over their initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold. Original issue discount, to the extent properly allocable to each owner of such Discount Bonds, is excluded from gross income for federal income tax purposes with respect to such owner.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bonds (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bonds which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bonds. The amount treated as original issue discount on such Discount Bonds for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bonds (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bonds at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bonds during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bonds the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bonds are sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Purchasers of any Discount Bond should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Discount Bonds.

UNDERWRITING

Crews & Associates, Inc., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2012 C Bonds, at an aggregate purchase price of $2,282,954 ($2,330,000 minus Underwriter's discount of $34,950 less an original issue discount of $12,096). The Underwriter will be obligated to purchase all of the Series 2012 C Bonds if any are purchased. The Series 2012 C Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

INDEPENDENT AUDITORS

The financial statements as of June 30, 2011, and for the year then ended, included as Appendix C in this Official Statement, have been audited by Perry & Associates, Certified Public Accountants, A.C., independent auditors, as stated in their report appearing herein and the unaudited financial statements, included as Appendix C in this Official Statement, as of June 30, 2012, have been prepared by the Utility Board.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Bonds, in accordance with the Continuing Disclosure Agreement which shall be delivered in substantially the form attached hereto as APPENDIX G, to provide financial information not later than two hundred seventy (270) days following the end of the City's fiscal year, commencing with the report for the fiscal year ended June 30, 2012, and to provide notice of the occurrence of the enumerated events listed therein. The Annual Information and each notice of enumerated events will be filed electronically by United Bank, Inc., Charleston, West Virginia, as dissemination agent, on behalf of the City, with the Electronic Municipal Markets Access system ("EMMA").

This continuing disclosure obligation is being undertaken to comply with Rule 15c2-12 (the "Rule") promulgated by the Securities Exchange Commission. The City has agreed to give notice in a timely manner to EMMA of any failure to supply the required information. However, any such failure will not constitute a default under the terms of the Series 2012 C Bonds. Under the Continuing Disclosure Agreement, the sole remedy for such failure is to seek an order for specific performance. SEE "APPENDIX G – FORM OF CONTINUING DISCLOSURE AGREEMENT."

The Continuing Disclosure Agreement for the Series 2010 A Bonds and Series 2010 F Bonds requires the City to file its annual financial information not later than 300 days after the end of the City's fiscal year (presently June 30), commencing with the report for the fiscal year ended June 30, 2009. The City failed to timely file its annual financial information for the fiscal year ended June 30,

2009, until May 14, 2010, 18 days after the date such information was due. The City has timely filed its annual financial information for the fiscal years ended June 30, 2010, and June 30, 2011.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2012 C Bonds.

Copies of the Ordinance, the Supplemental Resolution, the Undertaking, and other applicable documents may be obtained from the City at the following address:

The City of Morgantown
City Hall
389 Spruce Street
Morgantown, West Virginia 26505
(304) 284-7405
Attention: City Manager
E-Mail: tmoore@cityofmorgantown.org

or, during the period of offering the Series 2012 C Bonds, from the Underwriter. Ongoing financial information may be obtained from the City at the address set forth above.

The execution and distribution of this Official Statement has been duly authorized by the City.

THE CITY OF MORGANTOWN,
WEST VIRGINIA

By: /s/ Terrence Moore
City Manager

APPENDIX A

The City of Morgantown and Monongalia County
DESCRIPTION OF THE CITY

General

The City of Morgantown is the County seat of Monongalia County located along the Monongahela River and close to the Pennsylvania border in the north central part of West Virginia. Morgantown is the home to West Virginia University, the largest institution of higher education in the State with an annual enrollment of 28,898 students; and is the medical, cultural, and commercial hub of the region. Daytime population estimates 70,000 in Morgantown.

Morgantown and Monongalia County offer "Mountains of Opportunity" for business development and expansion. This is one of the major growth areas in the State. Monongalia County was the only north central county to realize population growth for the last 20 years, and it has been one of the fastest growing counties in the State during the 1990's.

Morgantown and Monongalia County have consistently seen some of the lowest unemployment rates in the state. Some of the major employers in the area include the National Institute of Occupational Safety and Health (NIOSH), Mylan Pharmaceuticals, West Virginia University.

Within a 500-mile radius of Morgantown is one-half of the population of the United States and one-third of the population of Canada. Morgantown is one day's drive from 6 of the 8 largest U.S. metropolitan areas, 20 metro areas with populations of 1 million or more, and 22 of the nation's top 35 industrial markets.

City Government

The City of Morgantown supports a City Manager / Council form of government, which was adopted in the City Charter in 1977.

Council member terms are two years in duration, with members being voted into council for each of seven wards. All seven council seats are up for election every two years. Council members must be sponsored by 75 registered voters to be placed on the election ballot. Once on the ballot, council members are elected by votes from all wards of the city. Mayor is selected in July by council members every two years.

[The remainder of this page is intentionally blank.]

Members of the City council are as follows:

MEMBER:	TERM EXPIRES:
Ron Bane	June 30, 2013
Wes Nugent	June 30, 2013
Linda Herbst	June 30, 2013
Jennifer Selin	June 30, 2013
Martha Shamberger	June 30, 2013
William Byrne	June 30, 2013
Jim Manilla	June 30, 2013

Population

The population for the City of Morgantown is set forth below:

2010	2009	2008	2007	2006
29,660	30,333	29,639	29,361	29,267

Source: U.S. Census Bureau (2006 through 2009 were estimates, 2010 is the actual 2010 Census number)

The total population for Morgantown, Monongalia County and Area from 1970 to 2010 is as follows:

Year	Morgantown	Monongalia County	Area*
1970	29,431	63,714	N/A
1980	27,605	75,024	410,500
1990	25,879	75,509	381,100
2000	26,809	81,866	387,400
2010	29,660	96,189	394,897

Represents Monongalia County and six contiguous counties including: Fayette Pennsylvania; Greene Pennsylvania; Marion West Virginia; Preston West Virginia; Taylor West Virginia and Wetzel West Virginia.

Additional information on Monongalia County for 2010 includes:

Population	96,189
Households	35,073
Persons Per Household	2.42

Transportation and Location

The City of Morgantown is served by the following:

Highways: I-79 and I-68; U.S. 19 and 119; WV 7, 100 and 218

Transit: Greyhound Bus Lines; Mountain Line (city/county transit); WVU Personal Rapid

Transit Railroads: Norfolk-Southern Railroad offers daily freight service.

Air: Morgantown Municipal Airport (Hart Field) offers daily commuter service to Pittsburgh via US Air Express. Pittsburgh International Airport is a 75- minute drive north of Morgantown.

Water: The Monongahela River is a navigable waterway with a nine-foot channel depth.

Highway Distances from Morgantown (Miles)

Pittsburgh	77	Charleston, WV	155
Columbus, OH	205	Cleveland, OH	219
Washington, DC	213	Baltimore, MD	215
Philadelphia, PA	327	Charlotte, NC	385
New York, NY	393	Chicago, IL	528

*Information provided by the Morgantown Area Economic Partnership. For additional demographic information visit MAEP online at www.morgantown.org.

Education

The following chart shows information for the types of schools and the number of each that are in Monongalia County for the school years 2010-2011:

Type of School	Public	Private
Elementary Schools (PK-6)	11	5
Middle Schools (varies 5-8)	5	5
High Schools (varies 7-12)	3	2
Technical Center	1	-
Alternative Education	1	-

Source: NCES, 2010-2011

Some of the private schools incorporate more than one type or grade range of school.

The total public school enrollment for Monongalia County in 2010-2011 was 10,731 students. 644 students graduated from the three high schools. The pupil/teacher ratio is 14.6:1.
Source: NCES, WV SBA

Higher Education

West Virginia University ("WVU") is located in Morgantown, West Virginia and is the flagship institution of higher education in the State of West Virginia. A public land grant institution, WVU was founded in 1867. WVU has 135 colleges and schools that offer 191 bachelor, masters, doctoral and professional degree programs. WVU is a "Carnegie Research University" and as such, is one of the nation's top research universities.

Source: www.wvu.edu

Other post-secondary schools include West Virginia Junior College in Morgantown, Fairmont State University in Fairmont, West Virginia; Salem International University in Salem, West Virginia and Waynesburg College in Waynesburg, Pennsylvania.

Libraries

The Morgantown Public Library System consists of the main facility in downtown Morgantown as well as four branches located in the Cheat Lake Area, Clinton District, Clay-Battelle and Aull Center. One library card can be used throughout the entire Northern Library Network. Free public access to Internet terminals with word processing capabilities is available and the library system offers a wide variety of free day and evening programs.

The West Virginia University Library supports the teaching, research and service functions of WVU. The libraries contain close to 1.9 million History OnView website catalogs/volumes, 229 electronic databases and more than 45,000 online full-text journals, with access to 36 million volumes through a book-sharing consortium. In addition, the West Virginia University Library contains 40,000 historical photos. The libraries also subscribe to more than 5,000 print periodical titles and have access to more than 17,000 electronic journals. The library system includes five libraries: the Downtown Library Complex, the Libraries Depository, the Law Library, the Health Sciences Library and the Evansdale Library.

Source: www.wvu.edu

Health Care

Hospitals: The Monongalia General Hospital is an accredited, community-based hospital providing a full range of inpatient, surgical, medical, outpatient, and emergency room services. As a 189-bed general hospital, Monongalia General Hospital is the flagship of Monongalia Health System (MHS), an integrated health care delivery system, which offers a full range of health care services. Monongalia General Hospital's web site is www.monhealth.com.

The Robert C. Byrd Health Sciences Center of West Virginia University offers a full range of health care, provided by WVU faculty physicians and associated professionals. Ruby Memorial Hospital is the largest facility in the WVU Hospitals family, which includes WVU Children's Hospital, a same-day surgery center, a skilled nursing unit, and the region's only Level I trauma

center. Also on the health science campus are the Mary Babb Randolph Cancer Center, Chestnut Ridge psychiatric hospital, the Sleeth Family Medicine Center, and HealthSouth Mountainview Regional Rehabilitation Center. WVU also hosts a major facility of the National Institute for Occupational Safety and Health. The campus is home to the state's helicopter ambulance service and is served by a nearby Ronald McDonald House. The Health Sciences Center web site is at www.wvu.edu.

Health Clinics. The following are health clinics located in and around Morgantown: Clay Battelle Community Health Center; Morgantown Orthopedic Associates, Inc.; WVU - Cheat Lake Medical Associates Center for Excellence in Disabilities; Community Medical Associates; Cheat Lake Urgent Care; Physicians Office Center; Monongalia County Health Department; Morgantown Ear, Nose and Throat Clinic; Valley Community Mental Health Center; Morgantown Health Right Clinic; VanVoorhis Family Practice Center.

Utilities

The following are the utilities that service Morgantown:

Electric: Allegheny Power

Natural Gas: Dominion Hope

Water & Sewage: Morgantown Utility Board

Employers

The top employers in the City of Morgantown and the County of Monongalia:

Employer
West Virginia University
West Virginia University Hospital
Mylan Pharmaceuticals
Monongalia Board of Education
Monongalia General Hospital
West Virginia University Medical Corporation
Teletech Customer Care Management (WV) Inc.
Wal-Mart Associates, Inc.
The Kroger Company
Gabriel Brothers, Inc.

Source: Workforce WV

Unemployment

The average annual percentage of unemployment rates is as follows:

Year	Monongalia County	West Virginia
2006	3.2	4.5
2007	2.9	4.2
2008	2.7	4.3
2009	4.4	7.9
2010	5.5	9.1

Source: Workforce WV

Taxes

Local Property Tax (2011 Tax Year): Rate on each $100 valuation. Valuation based on 60 percent of assessed valuation.

	Class I	Class II	Class III & IV
County	.5175	1.0350	2.0700
Morgantown	.6425	1.2850	2.5700

Source: West Virginia Auditor

Owner-occupied houses.

Class III & IV: All other assets not in Class II -- most notably commercial and industrial property.

Municipal Business & Occupation Tax: Charged to businesses located within the municipal boundaries of Morgantown, Westover, and Star City. The tax rates vary according to the type of business and the taxes are based on one hundred dollars of gross income. Contact the municipal B&O tax clerk for more specific information.

State Sales Tax: 6 percent.

Local Income Tax: There is no local or county income tax.

[The remainder of this page is intentionally blank.]

State Income Tax: All taxpayers except married filing separate returns:

Taxable Income		Tax Liability		
Over	But Not Over		Plus	Of Excess Over
$0	$10,000	$0	3.0%	$0
10,000	25,000	300	4.0%	10,000
25,000	40,000	900	4.5%	25,000
40,000	60,000	1,575	6.0%	40,000
60,000		2,775	6.5%	60,000

Business Taxes: The state of West Virginia presently imposes two primary business taxes: the Corporate Net Income Tax and the Business Franchise Tax. The Corporation Net Income Tax rate is 8.5 percent of the federal taxable income of the corporation for the year. The Corporation Net Income Tax is being reduced in 2012 to 7.75 percent, in 2013 to 7 percent and in 2014 to 6.5 percent. The measure of the Business Franchise Tax is the net worth of the corporation or partnership as determined for federal income tax purposes. The tax is levied at the rate of 0.27 percent or $50, whichever is greater. The Business Franchise Tax is being phased out each year for the next three years. Three additional taxes are levied upon specialized industries. A Severance Tax is imposed on the production of natural resources. The Business and Occupation Tax, a gross receipts levy, is imposed upon public utilities and electric power producers.

[The remainder of this page is intentionally blank.]

APPENDIX B

The System

(Morgantown Utility Board is the source for all information in this section unless otherwise noted.)

Morgantown Utility Board

The Morgantown Utility Board (the "Utility Board") is a municipally owned and operated utility providing potable water, sanitary sewer, and stormwater services to the City of Morgantown and portions of Monongalia County. This service area includes the municipalities of Westover, Star City, Granville, the facilities of West Virginia University, and surrounding unincorporated areas. The system includes direct water service to 24,509 connections and direct sewer service to approximately 19,063 service connections. The Utility Board also provides bulk water sales to approximately 10,600 customer accounts and bulk sewerage treatment for surrounding districts. The Utility Board stormwater system serves 14,615 customers.

Utility Board facilities are valued at over $179 million. This includes a main wastewater treatment plant in Star City, a wastewater treatment plant at Cheat Lake, and a water treatment plant in Morgantown. In addition, approximately 411 miles of water distribution lines, 298 miles of sewerage collection lines, and 225 miles of storm system lines are located throughout the system. The Utility Board operates with approximately 150 employees.

The Utility Board was created in 1987 by the city of Morgantown under the provisions of the Combined Waterworks and Sewerage Systems Act (WV Code 8-20-1). The former Morgantown Water Commission and the Morgantown Sanitary Board were merged to create the Utility Board.

Mayor/Council

The City is governed by an elected Mayor and Council. The Mayor and Council members, terms and occupations are listed below:

Name, Title	Term Expires
Jim Manilla, Mayor	June 30, 2013 (as Council member) June 30, 2013 (as Mayor)
Ronald Bane, Jr., Council Member	June 30, 2013
Wes Nugent, Council Member	June 30, 2013
William Byrne, Council Member	June 30, 2013
Jennifer Selin, Council Member	June 30, 2013
Martha Shamberger, Council Member	June 30, 2013
Linda Herbst, Council Member/Deputy Mayor	June 30, 2013
Linda Little, City Clerk, appointed by Council	at will and pleasure of Council
Terrence Moore, City Manager, appointed by Council	at will and pleasure of Council

Utility Board

Pursuant to the Act and the Board Ordinance, the System is operated by a Utility Board appointed by the Council. The Utility Board is comprised of five residential customers of the Utility Board appointed by the Morgantown City Council for terms of five years. In addition to being customers of the System, up to two Utility Board members may be residents of Monongalia County residing outside of the City, and all others must be residents of the City. These individuals are responsible for the management, control, and operation of the system. The Utility Board selects a chair and other officers from its members annually. The names and terms of the current Utility Board members are:

Morgantown Utility Board Members

Member	Term Expires
J.T. Straface (Chairman)	November 1, 2012
William Burton (Vice Chairman)	November 1, 2013
John Ganz	November 1, 2015
Ron Bane (Treasurer)	November 1, 2014
Frank Scafella (Secretary)	November 1, 2016

Morgantown Utility Board Management

Timothy L. Ball –General Manager

Timothy L. Ball was appointed as the General Manager of the Morgantown Utility Board in October, 2010. Before serving as the General Manager, Mr. Ball served as the Assistant General Manager and Chief Engineer of the Morgantown Utility Board for 14 years.

Mr. Ball first joined MUB as its Senior Engineer in early 1988. He was instrumental in the development of operating plans and upgrade projects for the newly expanded utility. He contributed similarly to the recent startup of the stormwater utility at MUB.

Mr. Ball holds Bachelor of Science and Master of Science degrees in Civil Engineering from West Virginia University. He earned a Master's degree in Business Administration from WVU in 2000. He is a registered Professional Engineer and is also a licensed Land Surveyor. He has taught both civil engineering and business management courses at his alma mater.

Mr. Ball has been recognized by his peers as a leader in the utility industry. He served as Chair of the West Virginia section of the American Water Works Association (AWWA) in 1992, and served on the National Board of Directors of AWWA from 2000 to 2003. In 1994, he received from AWWA the George Warren Fuller Award for service to the water industry. He was recognized as the Young Engineer of the Year in 1988 by the West Virginia Society of Professional Engineers, and is a member of the Tau Beta Pi and Chi Epsilon engineering honoraries.

Mr. Ball actively participates in several other utility industry groups including the West Virginia Rural Water Association, the Water Environment Federation, and the West Virginia

Municipal Water Quality Association. He frequently speaks to state and national water industry audiences on the topics of leadership, effectiveness, strategic planning, and stormwater management.

Doug Smith – Assistant General Manager/Chief Engineer

Douglas R. Smith was appointed as the Assistant General Manager and Chief Engineer of the Morgantown Utility Board (MUB) in October, 2010. Before serving as the Assistant General Manager and Chief Engineer, Mr. Smith served as a Senior Engineer of MUB for 14 years.

Mr. Smith received his Bachelor of Science degree from West Virginia University in Civil Engineering and he is also a registered Professional Engineer. He began his career at MUB in May of 1988 as a Staff Engineer. In 1996, Mr. Smith was promoted to Senior Engineer, a position he held for 14 years.

Mr. Smith was instrumental in the startup of the stormwater utility and continues to be intimately involved in the establishment of rules and regulations set by the West Virginia Department of Environmental Protection and the West Virginia Public Service Commission.

Mr. Smith served on the board of the West Virginia Section of the American Water Works Association for 8 years and served as Chairman from 2006-2007. In 2008, he received the George Warren Fuller Award for service to the water industry. Mr. Smith currently serves as a board member for the West Virginia Rural Water Association.

Debbie Osborne – Comptroller

She manages both the Financial and Customer Information Systems. She is responsible for the preparation of budgets and financial reporting statements as well as all business and accounting operations of the Board. Ms. Osborne and her staff are responsible for the customer service functions for nearly 24,500 water customers and 19,000 sewer customers as well as providing these services for many neighboring utilities. Ms. Osborne holds the degrees of Bachelor of Science in Business Administration and Master of Professional Accountancy, both awarded by West Virginia University. Prior to joining the Utility Board in 1989, she worked for six years as an accountant for the University.

Dave Rife – Distribution Superintendent

Mr. Rife manages the Utility Boards largest department. He is responsible of the maintenance and construction of the water distribution and sewerage collection systems. In addition, Mr. Rife is responsible for the Utility Board vehicle fleet and its inventory and purchasing operation. Mr. Rife has been a Utility Board employee since 1983. He has worked at almost every assignment in the department that he now manages.

Greg A. Shellito – Manager of Treatment and Production Facilities

As Manager of Treatment and Production Facilities, Greg A. Shellito manages all of the Utility Board treatment and pumping operations. He and his staff are responsible for the operation

and maintenance of the Morgantown Water Treatment Plant, the Morgantown Wastewater Treatment Plant, and the newly acquired Cheat Lake Wastewater Treatment Plant. In addition, Mr. Shellito is responsible for 15 pumping and tankage systems in the water distribution system and 37 wastewater lift stations in the collection system. Mr. Shellito also acts as the Utility Board liaison to regulating federal and state agencies.

Prior to appointment his current position, Mr. Shellito served as Superintendent and Plant Engineer of the Wastewater Treatment Plant. He holds bachelor of science degrees in biology and chemistry from Gannon University in Erie, Pennsylvania, and a master of science in biology from West Virginia University. Mr. Shellito is an Environmental Engineer and is certified as a Registered Engineer in Training. He has been a licensed Class IV wastewater treatment plant operator since1988.

Mr. Shellito has published several articles in national professional journals. He is a member of several professional associations, including the West Virginia Water Environment Association, which he served as President, the American Water Works Association and the Rural Water Association.

Long Term Debt

	Prior Bonds Principal	Prior Bonds Interest	Series 2012 C Principal	Series 2012C Interest	Total
6/30/2011	2,081,452	2,813,386			4,894,838
6/30/2012	2,128,516	2,768,713			4,897,229
6/30/2013	3,547,925	3,099,836		35,304	6,683,064
6/30/2014	3,513,131	3,174,118	90,000	71,538	6,848,786
6/30/2015	3,587,564	3,110,086	95,000	70,150	6,862,800
6/30/2016	3,440,800	3,041,155	95,000	68,725	6,645,680
6/30/2017	3,280,705	2,974,674	95,000	67,063	6,417,442
6/30/2018	3,352,549	2,905,264	95,000	65,163	6,417,975
6/30/2019	3,420,132	2,833,021	100,000	62,963	6,416,115
6/30/2020	3,493,471	2,748,090	100,000	60,463	6,402,023
6/30/2021	3,572,584	2,650,477	105,000	57,638	6,385,698
6/30/2022	3,652,483	2,550,079	110,000	54,413	6,366,974
6/30/2023	3,733,176	2,446,083	110,000	51,113	6,340,371
6/30/2024	3,814,706	2,337,632	115,000	47,594	6,314,931
6/30/2025	3,902,064	2,225,474	120,000	43,775	6,291,313
6/30/2026	3,914,419	2,106,565	120,000	39,875	6,180,859
6/30/2027	3,765,962	1,977,789	125,000	35,738	5,904,489
6/30/2028	3,860,925	1,857,856	130,000	31,275	5,880,056
6/30/2029	3,514,940	1,724,887	135,000	26,300	5,401,127
6/30/2030	3,127,918	1,591,617	140,000	20,800	4,880,335
6/30/2031	3,226,697	1,459,373	145,000	15,100	4,846,170

6/30/2032	3,321,053	1,322,390	150,000	9,200	4,802,643
6/30/2033	2,284,890	1,185,091	155,000	3,100	3,628,081
6/30/2034	1,989,915	1,064,225			3,054,140
6/30/2035	2,065,012	940,293			3,005,305
6/30/2036	2,150,109	811,261			2,961,370
6/30/2037	2,235,208	676,809			2,912,017
6/30/2038	2,325,307	536,780			2,862,087
6/30/2039	2,415,406	391,011			2,806,417
6/30/2040	2,482,768	239,187			2,721,955

Long Term Debt Description

Bond Issue	Required Coverage	Issue Date	Project	Balance June 20, 2011	Annual Debt Service
1992	115%	September 15, 1992	Waste Water Treatment Plant	1,160,000	796,025
1995	115%	April 22, 1995	Lift Stations Upgrade	417,945	111,779
2000A	115%	February 8, 2000	Cheat Lake Sewer Plant	4,769,855	343,191
2000B	115%	February 8, 2000	Cheat Lake Sewer Plant	1,865,978	65,476
2001	115%	February 8, 2001	Water Treatment Plant Upgrade	1,423,723	339,402
2006	115%	June 30, 2006	WWTP Secondary Clarifier	5,603,877	424,240
2007	115%	August 14, 2007	Storm Water Improvements	7,917,130	470,988
2010A	115%	January, 2010	Water and Sewer Improvements	37,950,000	2,280,000
2010C	115%	January, 2010	Water and Sewer Improvements	11,972,372	1,017,898
2010D	115%	January, 2010	Water and Sewer Improvements	7,188,755	566,381
2010F	115%	January, 2010	Water and Sewer Improvements	7,250,000	1,155,252
2012A	115%	August, 2012	Water and Sewer Improvements	N/A	20,500
2012B	115%	August, 2012	Water and Sewer Improvements	N/A	0

MUB Customer Count

The average number of System customers for the past eight Fiscal Years are as follows:

Fiscal Year (ended 6-30)	Water Customers	Sewer Customers	Stormwater Customers
2004	21,434	15,041	—
2005	21,641	15,468	—
2006	22,400	15,958	—
2007	22,442	16,547	—
2008	22,930	16,982	14,026
2009	23,333	17,488	14,311
2010	23,786	18,105	14,428
2011	24,129	18,747	14,535

Morgantown Water - The Robert B. Creel Water Treatment Plant

The Morgantown Utility Board water system serves 24,509 customers. Water system facilities include 411 miles of pipelines, a 16 million gallon per day (MGD) water treatment plant, 15 booster pumping stations, and 34 water storage tanks with a combined volume of 18.8 million gallons. An upgrade of limited scope was done in 2004 to the water treatment plant, and included replacement of the electrical switch gear, addition of a 10 MGD high service pump, and installation of a radio-based SCADA (supervisory control and data acquisition) system. Those improvements were completed that year at a cost of $3.8 million. Design of an overall upgrade of the water treatment plant began in 2009. Construction of the overall water treatment plant upgrade began in 2010 and was completed in 2012. That project replaced the existing Monongahela River intake structure, added a membrane filtration process, expanded clear well storage and updated and improved the various chemical feed systems. The improved plant has an immediate capacity of 16 MGD, and can now be incrementally expanded to 24 MGD.

Water Usage — Annual Gallons Sold (PSC Annual Reports) (000 omitted)

Fiscal Year (ended 6-30)	Residential	Commercial	Industrial	Public Authorities	Other/ Resale	Total
2004	1,048,743	437,878	304,808	529,863	907,419	3,228,711
2005	1,047,848	449,476	284,977	559,146	891,629	3,233,076
2006	1,021,533	459,326	250,027	565,768	865,887	3,161,541
2007	1,043,501	509,490	205,022	552,692	928,923	3,239,628
2008	1,040,876	577,769	217,781	485,646	925,316	3,247,388
2009	1,042,549	595,255	217,599	423,858	919,550	3,198,811
2010	1,053,847	602,996	210,398	392,523	930,696	3,190,460
2011	1,061,014	647,452	220,861	384,454	924,140	3,237,921

The following table sets forth the **ten largest customers of the water portion** of the System and related annual revenues for the fiscal year ended June 30, 2011.

Top 10 Water Users
7/1/2010 – 6/30/2011

	Consumption (in 1,000s)	Revenue
West Virginia University	312,832	413,820
Cheat View PSD	284,675	352,911
Clinton Water Assn.	225,791	291,951
Clay Battelle PSD	139,119	178,404
Mylan Pharmaceuticals	143,705	187,244
Pleasant Valley PSD	111,387	144,483
Chemtura Corp.	103,406	133,674
Star City Water System	77,789	100,512
WVU Hospitals	77,489	102,283
Morgantown Energy Assoc.	47,571	61,413
Total	1,523,764	1,966,695
Total water operating revenue		5,407,000
Top ten as a percent of operating revenue		36%

Morgantown – Wastewater Treatment Plant

The Morgantown Utility Board (MUB) sanitary sewer system serves 16,843 customers. Sewer system facilities include 249 miles of pipelines, a 12 million gallon per day (MGD) wastewater treatment plant (WWTP) at Star City, 19 lift stations, and 40 combined sewer outfalls (CSO's). A $6.5 million upgrade to the WWTP was completed in 2008. That project included the addition of a secondary clarifier, the replacement of the belt filter presses, and update of the SCADA (supervisory control and data acquisition) system. The 2008 improvements increased plant capacity from 10 to 12 MGD, and were the first of several improvement phases in MUB's long-term control plan (LTCP). Additional improvements to the system were completed in 2012 at a cost of $15 million. The 2012 improvements included upgrades to the West Run and Deckers Creek lift stations, construction of 3 miles of new 18 inch and 36 inch force main along the Monongahela River, and installation of odor control systems at the Deckers Creek lift station and the WWTP. The original LTCP (developed in 2001) proposed improvements that were estimated to cost $77 million (in 2001 dollars) over the following 20 years. The LTCP was updated in 2011, and that revised plan now estimates that additional improvements will cost $134 million (in 2011 dollars), over the next 20 years. The full scope of the upgrades outlined in the 2011 update are unlikely to all be implemented, due to exceptions allowed by federal regulations; however, implementation of the next phase of improvements is more certain, with an estimated cost of $50 million (in 2011 dollars) and projected completion by 2017.

Cheat Lake – Wastewater Treatment Plant

The Morgantown Utility Board owns and operates a second, and separate sanitary sewer system in the Cheat Lake area of Monongalia County. The Cheat Lake sanitary sewer system serves 2,200 customers. Sewer system facilities there include 49 miles of pipelines, a 750,000 gallon per day (GPD) wastewater treatment plant (WWTP), and 18 lift stations. The Cheat Lake system

contains no combined sewers. The WWTP, lift stations, and major interceptors and force mains were constructed in 2000 at a cost of $10 million. Growth and demand for expanded utility services is generally strong throughout the MUB service area and particularly so in the Cheat Lake area.

The following table sets forth the **ten largest customers of the sewer portion** of the System and related annual revenues for the fiscal year ended June 30, 2011.

Top 10 Sewer Users
7/1/2010 – 6/30/2011

	Consumption	Revenue
West Virginia University	312,832	764,883
Mylan Pharmaceuticals	143,705	412,625
WVU Hospitals	77,489	246,022
R. F. Kennedy Youth Center	42,894	133,471
Morgantown Energy Assoc.	47,571	103,632
Monongalia General Hospital	21,883	68,127
EA Morgantown LLC	17,795	56,774
US Housing Partners X	13,612	43,235
Independence Hill MHC	12,993	40,479
Mega Builders, LLC	11,434	36,527
Total	702,208	1,905,775
Total sewer operating revenue		5,825,000
Top ten as a percent of operating revenue		33%

Morgantown Stormwater

The Morgantown Utility Board (MUB) stormwater system serves 14,615 customers. The West Virginia Department of Environmental Protection (DEP) implemented federal MS4 (Municipal Separate Storm Sewer System) regulations effective 2003, and the City of Morgantown added stormwater to the mission of MUB in that year. Prior to that, the stormwater system was maintained by the City Street department. The MUB stormwater utility was the first created in West Virginia, and has served as the model for others created statewide since that time. Under the utility, stormwater rates, based on measured impervious area, were enacted to fund a suitable annual budget for both ongoing operations and maintenance, and for capital improvements. The MUB stormwater service area is defined on a watershed basis, and therefore includes areas that flow into the City from beyond the municipal corporate limits. Stormwater system facilities include a known inventory of 103 miles of stormwater pipelines, but total system facilities length is estimated to be approximately 225 miles of pipelines and ditch lines combined. A mapping project to determine the full system inventory is underway, as required by recent federal regulations. An $8.5 million project was completed in 2009 to improve the Burroughs Run and Poponoe Run streams, providing stream restoration to stabilize the streams and to improve stream conveyance capacity in order to reduce the potential for flooding. A similar $2.475 million project is now proposed to improve and protect the

Sabraton area along the Hartman Run stream, and at the intersection of Hartman Run Road (W.V. Route 857) and W.V. Route 7.

Top 10 Stormwater Users
7/1/2010 – 6/30/2011

	Consumption	Revenue
West Virginia University	9,386,296	238,787
GP Management	1,865,307	47,453
Board of Education	1,444,547	36,749
WVU Hospitals	1,058,501	26,928
Mylan Pharmaceuticals	1,055,828	26,860
R. F. Kennedy Youth Center	914,791	23,272
City of Morgantown	841,634	21,411
Wal-Mart Stores	772,999	19,665
US Dept. Energy NETL	632,696	16,096
Monongalia General Hospital	395,021	10,049
Total	18,367,620	467,272
Total Stormwater Operating Revenue		1,630,000
Top ten as a percent of operating revenue		29%

Rates

Pursuant to the Act, the governing body of a municipality, or independent board charged with such responsibility, must fix minimum rates and charges for the use of its municipal water and sewerage systems and may increase such rates whenever deemed necessary. Such rates and charges are required by the Act to be sufficient at all times to provide for the payment of interest on all bonds issued pursuant to the Act and to create a sinking fund to pay the principal of such bonds as and when the same becomes due, and reasonable reserves therefore, to provide for the repair, maintenance and operation of the water and sewerage systems, to provide an adequate depreciation fund and to make any other payments required or provided for in the applicable bond ordinance.

Chapter 8, Article 20 of the Code of West Virginia, 1933, as amended, provides that rates and charges established by municipally operated utilities shall be just, reasonable, applied without unjust discrimination or preference and based primarily on the costs of providing service. Such rates and charges must be filed with the Public Service Commission of West Virginia (the "PSC") but generally are not subject to regulatory approval. However, any customer of a municipally operated utility aggrieved by a rate change may present to the PSC within 30 days of the enactment of the ordinance providing for the change a petition signed by not less than 25 percent of the customers served by the utility. Within 100 days from the filing of any such petition, a hearing examiner must issue an order approving, disapproving or modifying the rate increase. Such order has the full force and effect of an order issued by the PSC. Also, if a municipally operated utility serves customers outside the boundaries of the municipality, the PSC is empowered to review, approve or modify such

rates if, within 30 days of the adoption of the ordinance providing for such rates, a customer (including a wholesale user) alleges that such rates constitute discrimination between customers within and without the municipal boundaries. The PSC may determine the method by which such rates are reviewed and may grant and conduct a new hearing on the matter if the customer or the municipality requests such a bearing.

A rate increase for stormwater service has been introduced and passed in 2012 that will fund the projects related to the Series 2012 C Bonds.

Operating and Capital Budgets

Operating and Capital budgets are prepared and approved annually by the Utility Board. The following pages include copies of the Fiscal Year 2013 water, sewer and stormwater budgets for the Utility Board. Due to aggressive and pro-active spending on capital improvements, the Water Capital Budget, Sewer Capital Budget and Cheat Sewer Capital Budget each project a deficit for the 2013 fiscal year. These deficits will be offset by transfers from the Utility Board's reserve, which currently contains over $6 million. See "Appendix C—Financial Statements of the Utility Board," Audit p.10.

[Remainder of this page is intentionally blank.]

MORGANTOWN UTILITY BOARD
WATER OPERATING BUDGET SUMMARY

	BUDGET 2013
REVENUES	
SALE OF WATER	9,928,475
PENALTIES	120,000
RENTS	33,000
INTEREST INCOME	90,000
PROFIT SALES	20,000
BILLING SERVICE FEES	120,000
ACCOUNT & RECONNECT CHARGES	22,000
BAB TAX SUBSIDY	797,610
MISCELLANEOUS BILLING	5,000
TOTAL REVENUES	11,136,085
OPERATING EXPENSES	
SOURCE OF SUPPLY	49,500
BOOSTERS AND TANKS	639,200
PURIFICATION	1,888,150
TRANSMISSION & DISTRIBUTION	1,246,000
CUSTOMERS ACCTG & COLLECTING	265,000
ADMINISTRATIVE & GENERAL	2,768,605
TOTAL EXPENSES	6,856,455
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	
2001 ISSUE	339,402
2010 A ISSUE	2,280,000
2010 F ISSUE	1,155,252
2010 D ISSUE	519,185
2010 E ISSUE	5,573
2011 ISSUE	
TOTAL DEBT SERVICE	4,299,412
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	(19,782)

MORGANTOWN UTILITY BOARD *WATER CAPITAL BUDGET*	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM WATER RATES	(19,782)
MUNICIPAL BOND PROCEEDS	3,213,316
DHHR LOAN PROCEEDS	558,600
QUARRY RUN - AML GRANT / UDC	2,244,398
REFUNDABLE CONSTRUCTION DEPOSITS	500,000
SERVICE CONNECTION FEES	150,000
CONTRIBUTION IN AID OF CONSTRUCTION	800,000
TOTAL FUNDING	7,446,532
PURCHASES	
PURCHASE OF NEW EQUIPMENT - SHOP	207,000
PURCHASE OF NEW EQUIPMENT- OFFICE	26,220
PURCHASES - WATER TREATMENT- PLANT	5,000
TOTAL	238,220
METERS AND SERVICES	
NEW METERS 5/8 X3/4	28,750
NEW METERS 1 1/2"	1,000
NEW METERS 2"	5,000
NEW METERS 1"	500
NEW METERS INSTALLATION 5/8" X 3/4"	350,000
NEW METER INSTALLATION	5,000
NEW SERVICE INSTALLATION 1-1/2"	16,000
NEW SERVICE INSTALLATION 2"	1,500
RENEWAL SERVICE 3/4"	75,000
RENEWAL SERVICES 1"	5,000
RENEWAL SERVICES 2"	15,000
MOVE METER OUTSIDE	7,500
TOTAL	509,250
PROJECTS	
REPLACEMENT MAINS	350,000
NEW MAINS	700,000
REFUND FOR CONSTRUCTION DEPOSIT	125,000
FENCING & OVERFLOW PIPES	25,000
WTP IMPROVEMENTS	1,645,147
OTHER MUNICIPAL BOND PROJECTS	-
GIS	490,000
CONTROL VALVES CHAPLIN, UHS, GREYST	124,000
WTP SHOP ADDITION	125,000
HIGH ST FIRE FLOW IMPROVEMENTS	175,000
CHLORINATION BOOSTER DESIGN/CONST	200,000
GENER SWITCHGEAR @ MAJOR BOOSTER ST	200,000
REPLACE CHERRY HILL BOOSTER	110,169
COBUN CREEK DAM SPILLWAY IMPROVE	144,000
DHHR FUNDED PROJECTS	227,200
OTHER DHHR FUNDED PROJECTS	-
OFFICE AND SHOP ROOF	165,400
WTP FILTER BUILDING ROOF	60,000
COBUN CREEK DAM SPILLWAY IMPROVE	106,000
QUARRY RUN / WHISPERING WOODS	2,275,125
AIRPORT WATER LINE	600,000
TIBBS RUN DAM BREACH	75,000
COMPUTER HARDWARE/SOFTWARE	54,740
ASSET MGMT, EQUIP LICENSING & UPGRADES	-
TOTAL	7,976,782
TOTAL CAPITAL IMPROVEMENT	8,724,252
SURPLUS OR DEFICIT	(1,277,720)

MORGANTOWN UTILITY BOARD
SEWER OPERATING BUDGET SUMMARY

	BUDGET 2013
REVENUES	
SEWERAGE SERVICE REVENUES	7,650,000
PENALTIES	80,000
OTHER SERVICE SYSTEM REVENUE	970,000
OTHER SEWERAGE SERVICE REVENUE	22,000
INTEREST INCOME	80,000
PROFIT SALES & CONSTRUCTION	10,000
MISCELLANEOUS REVENUES	250
TOTAL REVENUES	8,812,250
OPERATING EXPENSES	
COLLECTING EXPENSES	884,000
PUMPING EXPENSES	353,475
TREATMENT & DISPOSAL EXPENSE	725,850
SUPPLIES & EXPENSES CHEMICAL	169,500
MT, S&E, 2ND TMT, RBC & EQUIPMENT	159,000
MT, LABOR, 2ND TMT, RBC & EQUIPMENT	172,000
BILLING & COLLECTING EXPENSE	245,400
ADMINISTRATION & GENERAL EXPENSES	2,477,670
TOTAL EXPENSES	5,186,895
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	
1992 BONDS	398,012
1995 BONDS	97,202
2006 BONDS	389,664
2010C BONDS	870,852
2012 BONDS	64,860
TOTAL DEBT SERVICE	1,820,590
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	1,804,785

MORGANTOWN UTILITY BOARD
SEWER CAPITAL BUDGET

	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM SEWER RATES	1,804,765
SRF LOAN FUNDS	419,243
SRF CONTINGENCY DOLLARS	609,000
BOND/GRANT/CONTRIB - CIP CLOSE OUT	147,600
REFUNDABLE CONSTRUCTION DEPOSITS	500,000
SERVICE CONNECTION FEES	45,000
CONTRIBUTION IN AID OF CONSTRUCTION	575,000
TOTAL FUNDING	4,100,608
PURCHASES	
PURCHASES - SHOP	184,500
PURCHASE NEW EQUIPMENT WWTP	11,000
PURCHASE OF NEW EQUIPMENT - OFFICE	23,370
TOTAL	218,870
PROJECTS	
NEW MAINS	600,000
REPLACEMENT MAINS	578,548
REFUND FOR CONSTRUCTION DEPOSIT	200,000
ASSET MGMT, COMP EQUIP, LICENSE	-
DORSEY KNOB LIFT STATION UPGRADE	200,000
SRF FUNDED PROJECTS	161,800
AIRPORT SEWER	1,000,000
EMERGENCY GENERATOR HOOKUPS	50,000
OFFICE AND SHOP ROOF	147,600
COMPUTER HARDWARE / SOFTWARE	48,790
WWTP CLARIFIER SWEEPER ARM REPLACE	60,000
WWTP LIGHTING UPGRADE	30,000
GIS	75,000
SRF FUNDED - RAIL TRAIL SLIP	1,000,000
DOH - RELOCATING ICES FERRY BRIDGE	-
LONG TERM CONTROL PLAN	30,000
TOTAL	4,181,738
TOTAL CAPITAL IMPROVEMENTS	4,400,608
SURPLUS OR DEFICIT	-300,000

MORGANTOWN UTILITY BOARD *CHEAT SEWER OPERATING BUDGET SUMMARY*	BUDGET 2013
REVENUES	
SEWERAGE SERVICE REVENUES	1,150,000
PENALTIES	15,000
TOTAL REVENUES	1,165,000
OPERATING EXPENSES	
COLLECTING EXPENSES	90,000
PUMPING EXPENSES	125,150
TREATMENT & DISPOSAL EXPENSE	271,050
BILLING & COLLECTING EXPENSE	68,500
ADMINISTRATION & GENERAL EXPENSES	318,282
TOTAL EXPENSES	872,982
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	388,860
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	(96,842)

MORGANTOWN UTILITY BOARD *CHEAT SEWER CAPITAL BUDGET*	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM SEWER RATES	(96,842)
SERVICE CONNECTION FEES	25,000
BOND/GRANT/CONTRIBUTIONS - CIP CLOSE OUT	18,000
REFUNDABLE CONSTRUCTION DEPOSITS	100,000
CONTRIBUTIONS IN AID OF CONSTRUCTION	
TOTAL FUNDING	46,158
PROJECTS	
REFUNDS RCDs	110,000
NEW & REPLACEMENT MAINS	100,000
RCD EXTENSIONS	300,000
OFFICE AND SHOP ROOF	18,000
EQUIPMENT PURCHASES	25,350
COMPUTER HARDWARE / SOFTWARE	5,950
GIS	15,000
ASSET MGMT, COMP EQUIP, LICENSE	
TOTAL CAPITAL IMPROVEMENTS	574,300
SURPLUS OR DEFICIT	(528,142)

MORGANTOWN UTILITY BOARD
STORM WATER OPERATING BUDGET SUMMARY

	BUDGET 2013
REVENUES	
STORM WATER SERVICE FEE	1,800,000
PENALTIES	25,000
TOTAL REVENUES	1,825,000
OPERATING EXPENSES	
COLLECTING EXPENSES	344,500
BILLING & COLLECTING EXPENSE	72,000
ADMINISTRATION & GENERAL EXPENSES	460,929
TOTAL EXPENSES	877,429
DEBT REQUIREMENTS	
SINKING FUND PAYMENTS	
2007 ISSUE	426,800
2012 ISSUE	125,925
FUNDS AVAILABLE FOR CAPITAL IMPROVEMENTS	394,846

MORGANTOWN UTILITY BOARD
STORM WATER CAPITAL BUDGET

	BUDGET 2013
CAPITAL FUNDING	
FUNDS AVAILABLE FROM STORM WATER RATES	394,846
CONTRIBUTIONS IN AID OF CONSTRUCTION	75,000
DEBT SERVICE RECEIVED IN ADVANCE - SABRATON	50,000
BOND/GRANT/CONTRIBUTIONS - CIP CLOSE OUT	29,000
BOND/GRANT/CONTRIBUTIONS - SABRATON	2,547,000
TOTAL FUNDING	3,095,846
PROJECTS	
NEW AND REPLACEMENT SERVICES	40,000
NEW AND REPLACEMENT MAINS	359,766
SABRATON / HARTMAN RUN ROAD	2,597,000
XP SWMM SOFTWARE	-
ASSET MGMT, COMP EQUIP, LICENSE	-
OFFICE AND SHOP ROOF	29,000
EQUIPMENT PURCHASES	40,560
COMPUTER HARDWARE / SOFTWARE	9,520
GIS	20,000
TOTAL CAPITAL IMPROVEMENTS	3,095,846
SURPLUS OR DEFICIT	-

Historical and Projected Debt Service Coverage (Fiscal Year Ended June 30)

	2009	2010	2011	Unaudited 2012	Projected 2013†	Projected 2014†	Projected 2015†
Total Operating Revenues	14,548,013	15,329,210	15,574,960	18,916,676	21,935,475	22,374,185	22,821,668
Total Operating Expenses	14,761,487	14,226,473	14,394,604	15,308,271	17,663,761	18,825,000	19,950,000
Other Gain or Loss	-15,913	-607,393	-584,431	-1,242,974	-2,138,411	-2,353,961	-2,205,879
Net Income/(Loss)	-229,387	495,344	595,925	2,365,430	2,133,303	1,195,224	665,789
Interest Expense	302,065	1,183,914	1,994,761	2,112,858	3,141,271	3,254,674	3,188,644
Depreciation Expense	3,914,079	3,630,905	3,660,907	3,753,000	4,500,000	5,200,000	5,900,000
Available for Debt Service	3,986,757	5,310,163	6,251,593	8,231,288	9,774,574	9,649,898	9,754,433
Debt Service Requirement	2,131,377	2,544,102*	2,926,948*	5,357,655*	6,683,064	6,848,786	6,862,800
Coverage	187%	209%	214%	154%	146%	141%	142%

*Net of Capitalized Interest

† Debt Service Coverage for Projected 2013, 2014 and 2015 are preliminary and subject to change.

Method of Accounting

The accounts of the Water, Sewer and Stormwater Funds are organized on the basis of fund accounting as enterprise funds. With respect to operating revenues and expenses, the City accounts are maintained in accordance with generally accepted accounting principles. Perry & Associates, Certified Public Accountants, A. C., audited the records of the City for the fiscal year ended June 30, 2011. (See Appendix C - "Financial Statements of the Utility Board".)

APPENDIX C

Financial Statements of the Utility Board

Audited Financial Statement for Fiscal Year Ending June 30, 2011

Monongalia County
RFP 09-159

MORGANTOWN UTILITY BOARD
(Component Unit of the City of Morgantown)
Monongalia County
Single Audit
For the Years Ended June 30, 2011 and 2010

Perry & Associates
Certified Public Accountants, A.C.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
Monongalia County

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Net Assets	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Schedule of Federal Awards Expenditures	25
Notes to the Schedule of Federal Awards Expenditures	26
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By *Government Auditing Standards*	27
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance in Accordance with OMB Circular A-133	29
Schedule of Audit Findings	31
Supplementary Financial Information:	
Water Department Statement of Revenues, Expenses and Changes in Net Assets	33
Sewer Department Statement of Revenues, Expenses and Changes in Net Assets	35
Cheat Sewer Department Statement of Revenues, Expenses and Changes in Net Assets	37
Storm Water Department Statement of Revenues, Expenses and Changes in Net Assets	39

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

October 28, 2011

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of the Morgantown Utility Board (the Board), a component unit of the City of Morgantown, as of June 30, 2011 and 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Morgantown Utility Board as of June 30, 2011 and 2010, and the respective changes in its financial position and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Board's basic financial statements taken as a whole. The supplementary financial information provides additional analysis and is not a required part of the basic financial statements. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary financial information and federal awards expenditure schedule are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary financial information and federal awards expenditure schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Morgantown Utility Board offers the following overview and analysis of the basic financial statements for the fiscal year ended June 30, 2011. Management encourages readers to utilize information in the Management Discussion and Analysis in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- On January 28, 2010, MUB closed on three separate Combined System Revenue Bonds to finance $70 million of capital improvements. As of June 30, 2011, nearly $48.5 million of the bond proceeds have been spent on capital improvements.

- MUB's combined operating revenues and expenses remained fairly stable over the past fiscal year. We saw increases in operating revenue of 1.6% and a 1.2% increase in operating expenses.

- MUB's net property plant and equipment increased by over $35.5 million in 2011. Additions to utility plant in service were nearly $3.6 million. Retirements from utility plant in service totaled approximately $208,000. Because of several large on-going construction projects, construction work in progress totaled $69 million at June 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements provide information about the activities of MUB as a whole. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Board as a whole and present a long-term view of the Board's finances.

Reporting Morgantown Utility Board as a Whole

The Morgantown Utility Board operates all activities as propriety funds, same as a private business. MUB's basic financial statements include four components:

The Statement of Net Assets presents information on MUB's assets and liabilities with the difference between the two reported as Net Assets.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how MUB's net assets changed during the two most recent fiscal years. Results of operations are reported as underlying events occur, regardless of the timing of the cash flows. Revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods, (For example: billed but uncollected revenues, and employee earned but unused vacation leave).

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash from operations, non-capital financing, capital financing, and investing activities.

The Notes to the Basic Financial Statements provide additional information that is essential to fully understand the data provided in the financial statements.

FINANCIAL ANALYSIS

Changes in Net Assets

Net Assets

MUB's combined net assets increased by $2,623,646 over the previous year to $91,916,097. Of this total $79,241,567 was invested in capital assets net of related debt, $2,083,775 restricted for debt service, and $10,590,755 unrestricted.

Schedule of Net Assets

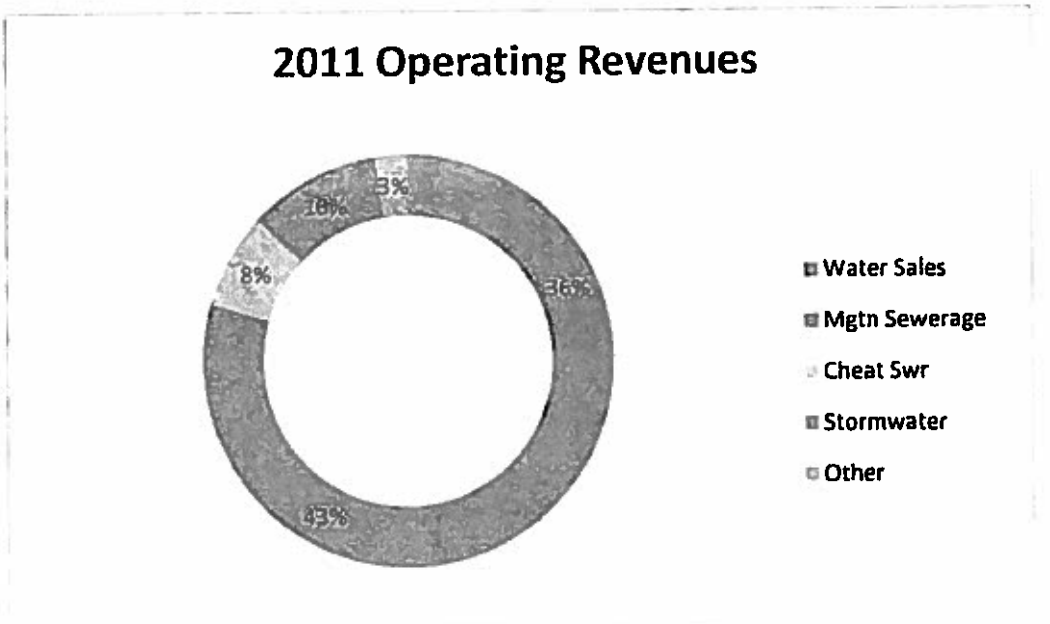
	2011	2010	2009
Assets			
Current Assets	$ 5,977,560	$ 7,664,684	$ 3,509,668
Noncurrent Assets	22,588,857	47,510,856	3,408,753
Capital Assets, net	166,935,801	131,347,584	119,533,192
Total Assets	$ 195,502,218	$ 186,523,124	$ 126,451,613
Liabilities			
Current Liabilities	6,800,169	9,661,463	3,235,746
Noncurrent Liabilities	96,785,952	87,569,210	36,526,467
Total Liabilities	$ 103,586,121	$ 97,230,673	$ 39,762,213
Net Assets			
Invested in capital asset net of related debt	79,241,567	53,345,506	92,511,185
Restricted for Debt Service	2,083,775	4,026,476	308,320
Unrestricted	10,590,755	31,920,469	(6,130,105)
Total Net Assets	$ 91,916,097	$ 89,292,451	$ 86,689,400

Schedule of Revenues, Expenses and Changes in Net Assets

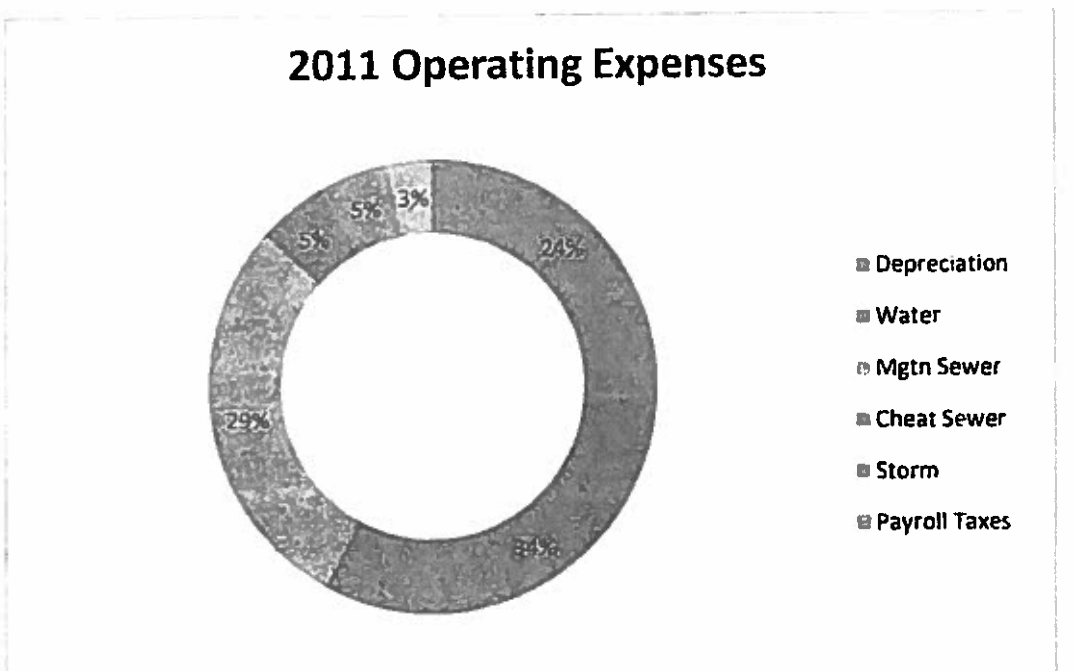
	2011	2010	2009
Operating Revenues:			
Water Sales	$ 5,679,510	$ 5,583,203	$ 5,467,318
Sewer Sales	7,873,064	7,724,964	7,272,620
Storm Water Sales	1,629,561	1,611,339	1,487,099
Misc / Other	392,825	409,704	320,976
Total Operating Revenues	15,574,960	15,329,210	14,548,013
Operating Expenses:			
Operations	8,772,367	8,335,706	8,634,585
Maintenance	2,156,806	2,275,338	2,392,822
Depreciation	3,465,431	3,615,429	3,734,080
Total Operating Expenses	14,394,604	14,226,473	14,761,487
Operating Income	1,180,356	1,102,737	(213,474)
Net Nonoperating Income (Expense)	(584,431)	(607,393)	(15,913)
Income Before Contributions	595,925	495,344	(229,387)
Capital Contributions	2,027,721	2,107,707	2,664,711
Change in Net Assets	2,623,646	2,603,051	2,435,324
Net Assets Beginning of Year	89,292,451	86,689,400	84,254,076
Net Assets End of Year	$ 91,916,097	$ 89,292,451	$ 86,689,400

Operating revenues of $15,575,000 increased by $246,000 from the prior fiscal year. The current year increase could be contributed to system growth. The number of water customers increased by 1.5% and sewer customers by 3.5%, from the prior fiscal year. Service revenues are the primary revenue source accounting for 97% of operating revenues.

Income from investments increased by $390,792 compared to 2010. Income from the investment portfolio is used to subsidize both operations and maintenance as well as system capital improvements. At June 30, 2011, the market value of the portfolio was in excess of $7 million. Cost exceeded market by $400,000.



Operating expenses in 2011 remained nearly constant over 2010, increasing by $168,000. From year to year we will see shifts in operation and maintenance costs between water, sewer and stormwater depending upon concentration of efforts.



Budgetary Highlights

The Morgantown Utility Board Members approve each year the Utility's budget. Over the course of the year, significant deviations from budget are noted and reported on a monthly basis to Board Members.

In 2011, MUB budgeted revenues were $15.4 million actual revenues were $15.7 million. Actual revenues exceeded budget by $287,000 or 2%. Budgeted expenses were $11.8 million. Actual expenses were $11.6 million - 1.5% under budget.

A total of $39 million was spent on capital improvements.

Capital Asset and Debt Administration

Capital Assets

At the end of 2011, MUB had $246 million invested in capital assets ($167 million net of accumulated depreciation), including treatment facilities; buildings; equipment; and water, sewer, and storm lines. Major additions during the fiscal year included:

- $23,335,000 - Upgrades to the Morgantown water treatment plant including installation of a membrane filtration system.
- $1,336,000 - Upgrades to Deckers Creek pump station and installation of a new force main from the Decker's Creek Lift Station to the Morgantown waste water treatment plant.
- $1,180,000 - Additions and upgrades to main office and shop including complete replacement of the HVAC system in the main office.
- $1,190,000 - WTP Force Main-Installation of approx. 8,000 feet of 16" Ductile Iron force main from the Water Treatment Plant to the Decker's Creek Lift Station.
- $1,168,000 - Install new 16" water line in South University Avenue from Garret Street to Fayette Street. Installation of approximately 1,700 feet of 16" Ductile Iron Water line to replace existing 12" and 8" water lines.
- $1,080,000 - Deckers Creek Yard Piping and Grit Chamber. Includes installation of a Grit Chamber to remove grit prior to entering the Decker's Creek Lift Station. Approx. 8 large diameter valves (12-24 – inch) and a Flow Meter with associated 12, 16, and 24-inch piping.
- $1,003,000 – Install new 2 million gallon water tank at Wiles Hill. Includes stabilization of the mining voids located beneath the site, foundation, and a 2 million gallon glass lined storage tank
- $846,000 – Install 16" water line from Sterling Faucet property to Brookhaven to replace an antiquated 12" water line and provide a redundant feed to the Union District system
- $797,000 – Install new 1 million gallon water tank at Osage Includes site preparation, foundation, and a 1 million gallon glass lined water storage tank.
- $704,000 – Installation of a 24" waterline from Garret Street to the Suncrest Booster Station along the rail trail in order to provide a redundant feed to the station.
- $590,000 – Morgantown waste water treatment plant odor control project.
- $564,000 – Install 16" waterline from Scotts Run booster station to the New Hill tank
- $569,000 – Build new access road for use by distribution department. Includes installation of 950 feet of paved roadway and "Culvert/Bridge" stream crossing and a new entrance onto Greenbag Road with improved sight distance.
- $412,000 – Improvements to Deckers Creek Pump Station. Installation of 2 - Flyght NT3306 pumps and associate internal piping.

Capital Asset and Debt Administration (continued)

Capital Assets (continued)

- $353,000 - Installation of New Lift Station to serve effluent from the Water Treatment plant and transport it to the Decker's Creek lift station or ultimately directly to the Waste Water Treatment Plant.
- $325,000 - CSO 039 piping upgrade at Morgantown waste water treatment plant. To include approx. 150 feet of 42-inch pipe to replace the existing 30-inch piping.
- $306,000 - NM12 capacity improvements necessary to take full advantage of the upgrades at the West Run Lift Station and Forcemain.
- $543,000 of annual refunds of construction deposits to developers on main line extension projects for customers accepting service from the extension.

Long-term Debt

On January 28, 2010 MUB issued 2010 Series A Build America Bonds principal amount $37,950,000, Series F Tax Exempt Bonds principal amount $7,250,000, 2010 Series B West Virginia SRF Program/ ARRA principal amount $81,600, 2010 Series C West Virginia SRF Program principal amount $15,203,668, 2010 Series D West Virginia DWTRF Program principal amount $9,317,286, and 2010 Series E West Virginia DWTRF Program/ARRA principal amount $100,000.

Bond proceeds are to fund several major capital improvement projects, many of which are included in the Capital Asset section above. Cumulative draws are $12,054,000 for the SRF Program Bonds and $7,289,000 for the DWTRF Program Bonds through June 30, 2011. Total spent of the municipal issues of Series A and F through June 30 was $29,080,525.

MUB retired $2.1 million of existing debt. At June 30, 2011, MUB had $88 million revenue and refunding bonds outstanding on the balance sheet. More information regarding terms can be found in Note 6 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Throughout the 2010-2011 fiscal year, the Morgantown Utility Board (MUB) worked to continue implementation of a major capital improvement program (CIP). That program solves significant capacity issues within the water treatment plant, and also makes improvements to both the water transmission / distribution systems and the sewage collection / transmission systems.

The Morgantown City Council approved the rates to fund the CIP in July 2009, and established January 1, 2012 as the effective date thereof. The effective date coincides with the projected completion of construction, which remains on schedule.

MUB has continued to complete routine water/sewer line extensions for new apartments and housing units. The pace of new construction for system additions has not been as rapid as in the past due to a slowdown in the economy.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (continued)

MUB has been working closely with its consulting engineer, Strand Associates, in updating the Morgantown Long Term Control Plan (LTCP). This document will provide information on how MUB can minimize and better manage its Combined Sewer Overflows (CSO's). It will provide guidance for Wastewater Treatment Plant (WWTP) upgrades and collection/transmission system improvements that will meet the requirements of the West Virginia Department of Environmental Protection (DEP). This document will provide guidance for capital project budgeting of the sewer system for the next ten (10) years, or more. It is due to be completed and submitted to DEP in December 2011.

In addition to the above, MUB will focus on renewal and/or replacement of aging, or otherwise inadequate facilities. In the water system, priority will be given to lines that have been identified through a problematic leak history, or by having required excessive maintenance due to the age of the pipe. In our sanitary and storm sewer systems, priority will be given to lines that have been identified through a problematic history of backups or other similar flow related failures, or by having required excessive maintenance due to the age of the pipe. Our annual budget for capital improvements will be centered on these replacement projects, as particular portions of the piping networks are recognized to have reached the end of their useful lives.

MUB also expects to see a growing shift of costs from the capital budgets to the operation and maintenance budgets of the water, wastewater and stormwater operations. This results from a combination of the above mentioned economic slowdown and related decline in system additions, coupled with increasing efforts to improve system operations through maintenance activities such as hydrant flushing, mainline cleaning, tank painting, etc.

Additional operating costs are expected in water operations from new efforts to monitor and minimize impacts upon the raw water supply from gas drilling operations in the Marcellus Shale.

MUB will continue to be guided by existing and future regulatory mandates that define increasingly stringent quality standards for its water, wastewater and stormwater operations.

CONTACTING MUB'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with a general overview of MUB's finances and to demonstrate MUB's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Morgantown Utility Board Controller's Office, 278 Greenbag Road, Morgantown, West Virginia.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENT OF NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS:		
Current Assets		
Cash and Cash Equivalents	$ 2,194,229	$ 3,987,322
Accounts Receivable Net	1,196,539	1,207,422
Other Accounts Receivable	595,877	623,963
Interest and Dividend Receivable	34,975	33,323
Materials at Average Cost	845,939	724,906
Deposits and Prepayments	48,118	43,649
Accrued Unbilled Revenue	1,061,883	1,043,699
Total Current Assets	5,977,560	7,664,684
Capital Assets		
Construction in Progress	68,869,108	33,243,350
Land	1,450,727	1,388,625
Intangible Plant	376,814	376,814
Building & Structure	21,320,690	21,319,000
Water Transmission & Distribution System	50,735,401	49,638,079
Sewer and Storm Collection System	65,501,738	63,349,919
Treatment Plant Equipment	30,877,264	30,865,780
Office Furniture, Equipment and Computer System	2,473,983	2,433,138
Vehicles and Heavy Duty Equipment	4,408,999	4,408,999
Total Capital Asset	248,014,746	207,023,744
Less Accumulated Depreciation	(79,078,945)	(75,676,160)
Total Net Capital Assets	166,935,801	131,347,584
Restricted Assets		
Sinking Fund Investments	2,083,775	4,026,476
Bond Construction Accounts	11,155,868	34,682,940
Total Restricted Assets	13,239,643	38,709,416
Noncurrent Assets		
Investments	7,023,085	6,452,085
Deferred Financing Costs	2,289,691	2,309,097
Other Net	36,438	40,256
Total Noncurrent Assets	9,349,214	8,801,440
TOTAL ASSETS	$ 195,502,218	$ 186,523,124
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 1,866,934	$ 6,393,830
Accrued Payroll	432,927	633,424
Billing Services Payable	185,584	186,752
Current Portion of Long Term Debt	2,128,512	2,090,912
Deferred Revenue	65,558	81,814
Other Accrued Liabilities	120,353	74,731
Total Current Liabilities	6,800,169	9,461,463
Noncurrent Liabilities		
Liabilities from Restricted Assets		
Customer deposits	516,563	458,275
Accrued Administrative Costs on Bonds	6,913	6,986
Accrued Interest on Bonds	28,226	31,911
Interest on Customer Deposits	6,357	6,140
Total Liabilities from Restricted Assets	578,059	503,462
Advances on Construction	10,642,170	11,154,582
Long Term Bonds Payable	85,565,723	75,911,166
Total Noncurrent Liabilities	96,785,952	87,569,210
TOTAL LIABILITIES	$ 103,586,121	$ 97,230,673
Net Assets		
Invested in Capital Assets, Net of Related Debt	79,241,567	53,345,506
Restricted Net Assets	2,083,775	4,026,476
Unrestricted Net Assets	10,590,755	31,920,469
Total Net Assets	91,916,097	89,292,451
TOTAL LIABILITIES AND NET ASSETS	$ 195,502,218	$ 186,523,124

The notes to the financial statements are an integral part of this statement.

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
OPERATING REVENUES:		
Water Sales Revenue	$ 5,679,510	$ 5,583,203
Sewerage Service Revenue	7,873,064	7,724,964
Storm Water Service Revenue	1,629,561	1,611,339
Billing Services Revenue	167,141	122,122
Forfeited Discounts	74,492	71,150
Rents from Water Property	75,285	150,390
Service Connection Fees - Water	20,360	20,515
Other Operating Revenues	55,547	45,527
Total Operating Revenues	15,574,960	15,329,210
WATER OPERATING EXPENSES:		
Source of Supply	2,721	4,362
Pumping	714,723	620,991
Water Treatment	1,541,186	1,616,647
Transmission and Distribution	1,971,128	1,912,713
Customer Accounts	205,293	204,649
Administrative and General	1,860,931	1,806,276
Total Water Operating Expenses	6,295,982	6,165,638
SEWER OPERATING EXPENSES:		
Collecting	2,125,399	2,110,519
Pumping	541,960	559,408
Treatment and Disposal	1,848,475	1,938,145
Billing and Collecting	280,009	257,718
Administrative and General	2,214,827	2,138,186
Total Sewer Operating Expenses	7,010,670	7,003,976
STORM WATER UTILITY OPERATING EXPENSES:		
Collecting	679,408	661,331
Billing and Collecting	61,968	66,567
Administrative and General	346,576	328,961
Total Stormwater Operating Expenses	1,087,952	1,056,859
Total Operating Expenses	14,394,604	14,226,473
Operating Income(Loss)	1,180,356	1,102,737
NONOPERATING REVENUES (EXPENSES)		
Investment Income	667,390	276,598
Interest on Financing	(1,994,761)	(1,183,914)
Other Revenue (Expense)	742,940	299,923
Total Non-Operating Revenues(Expenses)	(584,431)	(607,393)
Net Income/(Loss) Before Invested in Capital Assets	595,925	495,344
Contributed Capital	2,027,721	2,107,707
Change in Net Assets	2,623,646	2,603,051
Total Net Assets-Beginning of Year	89,292,451	86,689,400
Total Net Assets-Ending of Year	$ 91,916,097	$ 89,292,451

The notes to the financial statements are an integral part of this statement

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities:		
Cash Received from Sales and Tap Fees	$ 15,198,486	$ 14,738,874
Cash Received from Rental Fees	75,285	150,390
Cash Received from Reimbursement and Miscellaneous Income	297,180	238,799
Cash Payments to Suppliers for Goods and Services	(6,184,894)	(5,666,185)
Cash Payments to Employees for Services	(4,869,133)	(4,777,339)
Net Cash Provided by (Used by) Operations	4,516,924	4,684,539
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(39,199,072)	(11,710,749)
Proceeds from New Issuance	11,773,609	53,119,986
Principal Paid on Long-Term Debt	(2,081,452)	(2,039,915)
Interest Paid	(1,998,446)	(1,187,679)
(Increase) Decrease in Sinking Fund	1,942,701	(3,718,156)
(Increase) Decrease in Bond Construction Account	23,527,072	(34,682,940)
Advances on Construction	(356,077)	91,313
Increase in Deferred Financing Net of Amortization	-	2,127,610
Customer Deposits Including Interest	78,355	26,192
Other Nonoperating Income	570,472	299,923
Change in Other Assets Net	3,820	(31,383)
Net Cash Provided by (Used by) Capital and Related Financing Activities	(5,739,018)	2,294,202
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments	1,408,702	1,090,076
Purchase of Investments	(2,645,439)	(4,443,664)
Interest Received	665,738	260,050
Net Cash Provided by (Used by) Investing Activities	(570,999)	(3,093,538)
Net Increase(Decrease) in Cash and Cash Equivalents	(1,793,093)	3,885,203
Cash and Cash Equivalents - July 1	3,987,322	102,119
Cash and Cash Equivalents - June 30	2,194,229	3,987,322
Cash Flows from Operating Activities:		
Operating Income	1,180,356	1,102,737
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities:		
Depreciation and Amortization	3,660,907	3,630,905
(Increase) Decrease in Accounts Receivable	39,369	(267,359)
(Increase) Decrease in Materials	(121,033)	(50,280)
(Increase) Decrease in Deposits and Prepayments	(4,469)	(919)
(Increase) Decrease in Accrued Utility Revenue	(18,184)	65,293
Increase (Decrease) in Accounts Payable	(48,023)	202,092
Increase (Decrease) in Accrued Payroll	(200,497)	43,904
Increase (Decrease) in Billing Services Payable	(868)	18,046
Increase (Decrease) in Deferred Revenue	(16,256)	(16,257)
Increase (Decrease) in Other Current Accrued Liabilities	45,622	(43,623)
Total Adjustments	3,336,568	3,581,802
Net Cash Provided by (Used by) Operating Activities	$ 4,516,924	$ 4,684,539

The notes to the financial statements are an integral part of this statement

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity – The Morgantown Utility Board (the Board) is a Class A Water, Sewer and Storm-water Utility as defined by the West Virginia Public Service Commission. The Board manages and operates the City of Morgantown, West Virginia, water, sewer and storm-water utilities as enterprise funds under an ordinance dated September 1, 1987. These utilities serve the City and other surrounding areas and the Board also provides billing and collecting services for other adjacent utilities. It also provides jobbing and contracting services for plant repairs to these adjoining utilities.

The Board complies with *Governmental Accounting Standards Board Statement No. 14*, "The Financial Reporting Entity" and GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." These statements establish standards for defining and reporting on the financial reporting entity. They define component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, the Board is a component unit of the City of Morgantown therefore these financial statements will be included in the City's financial statements as a component unit.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

Basis of Presentation – Accounts of the Board are organized on the basis of fund accounting under one fund, an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The accompanying financial statements are presented on a combined basis because the water, sewer and storm-water utilities are under the control of the Board.

Basis of Accounting and Measurement Focus – These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer and Waste-Water funds are charges for water and sewer service.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (continued)

Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Board's policy to use unrestricted resources first, then restricted resources as they are needed.

Cash and Cash Equivalents – The Board, for the purposes of the Statement of Cash Flows, considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund type are pooled by the Board.

Certain funds of the Board are temporarily invested by the West Virginia Municipal Bond Commission specifically on behalf of the Board as part of the Commission's consolidated investment pool. These investments are considered cash and cash equivalents due to their liquid nature.

Investments – The Board is allowed to invest excess funds in the following securities as governed by the West Virginia Code.

1. Any direct obligation of, or obligation guaranteed as to payment of both principal and interest by, the United States of America;
2. Any evidence of indebtedness issued by any United States government agency guaranteed as to payment of both principal and interest, directly or indirectly, by the United States of America;
3. Any evidence of indebtedness issued by the Federal National Mortgage Association to the extent such indebtedness is guaranteed by the Government National Mortgage Association;
4. Any evidence of indebtedness that is secured by first lien deed of trust or mortgage upon real property situate within West Virginia, if payment is substantially insured or guaranteed by the United States of America;
5. Direct and general obligations of the state of West Virginia;
6. Any undivided interest in a trust, the corpus of which is restricted to mortgages on real property and, unless all of the property is within West Virginia and insured, the trust is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating pooled mortgage trusts;
7. Any bond, note debenture, commercial paper or other evidence of indebtedness of any private corporation or association: Provided that the security is rated in one of the three highest rating grades by an agency which is nationally known in the field of rating corporate securities: however, if any commercial paper or any security will mature within one year from the date of issuance, it must be rated in one of the two highest rating grades by a nationally known agency;
8. Negotiable certificates of deposits issued by any bank, trust company, national banking association or savings institution which mature in less than one year and are fully collateralized;
9. Interest earning deposits including certificates of deposit, with any designated West Virginia depository, which deposits are fully secured by a collaterally secured bond, and;
10. Mutual funds registered with the Securities and Exchange Commission which have assets in excess of three hundred million dollars.

Investments are reported at fair value. The net increase in the cost-basis of investments consists of the realized gains and losses and the unrealized increase or decrease in the cost-basis of investments during the year. Realized gains or losses in sales of investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the cost-basis of investments reported in the prior year(s) and the current year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and includes amortization of discounts and premiums on interest-bearing instruments that were purchased at a discount or premium. Dividend income is recognized on the paying company's announced ex-dividend date.

Accounts Receivable - Accounts receivable are shown at their net realizable value. The balance is presented net of an allowance for doubtful accounts. The provision for losses on trade accounts receivable is charged to operations in an amount sufficient to maintain the allowance for losses at a level considered adequate to cover estimated credit losses. The Board's charge-off policy is based on an account-by-account review. The Board did a full review of trade accounts receivables and set a monthly allowance for bad debt charges. Generally, accounts are considered delinquent when they are 30 days contractually past due.

Supplies Inventory - The supplies inventory is valued on average cost basis.

Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid expenses using the consumption method. An asset for prepaid amounts is recorded at the time of the purchase and an expense is reported in the period in which services are consumed.

Capital Assets – The Board depreciates all long-term assets on a straight-line basis. The Board takes half a year's allowance in the year the asset is placed in service and a full year's allowance in the subsequent years with half a year's allowance in the final year of depreciation. At the time of retirement of depreciable utility plant in service, the amount is charged with the book cost of the property retired and cost of removal, and is credited with any amounts recovered. The estimated useful lives of the assets are as follows:

Asset Category	Useful Life in Years
Buildings and Structures	30
Water Transmission and Distribution Lines	50-100
Sewer and Storm Drain Collection System	50
Treatment Plants Equipment	10-30
Office Furniture and Computers	5-10
Vehicles and Heavy Duty Equipment	8-10

Deferred Financing Costs - The Board amortizes deferred financing costs on a straight-line basis over the term of the financing.

Compensated Absences – The Board provides compensated absences for its employees in the form of vacation and sick leave. Vacation leave does not carry over from calendar year to calendar year.

Contributions in Aid of Construction – All period contributions were from transfers from advances for construction, deposits for construction other than extensions, and grant monies from non-federal sources.

Equity Classification – Equity is classified as net assets and displayed in three components:

1. Invested in capital assets net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement or those assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classification (Continued)

2. Restricted net assets - consists of the net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in fixed assets, net of related debt".

Restricted Assets – Restricted assets should be reported when restrictions on asset use change the nature or normal understanding of the availability of the asset. Restricted assets represent certain resources segregated from other resources of the Board to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the Board or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purpose. The Board's restricted assets consist of bond sinking fund and the bond construction accounts.

Use of Estimates – In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Budget and Budgetary Accounting – The Board is not required by law to prepare an annual budget. As such, none is presented in these financial statements.

NOTE 2 CASH AND INVESTMENTS

The carrying amount of the Board's cash deposits was $2,194,229 at June 30, 2011. The bank balance at June 30, 2011 was $2,614,177 which was fully covered by Federal Deposit Insurance Coverage or collateralized with securities held by the pledging institution's trust department.

Total cash and investments at June 30, 2011 consisted of the following:

	Cost	Fair Value
Cash Deposits		
Demand Deposits	$ 2,194,229	$ 2,194,229
Cash and Investments with Fiscal Agents		
Cash	10,975,291	10,975,291
Certificates of Deposit	3,000,000	3,000,000
Investment Agreements		
Fixed Income	4,442,922	4,541,665
Equities	1,451,549	1,745,772
Total Cash and Investments	$ 22,063,991	$ 22,456,957

Note that the Board held $1,350 in petty cash at June 30, 2011.

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits of maturities on individual investments.

Credit Risk

The Board has a deposit policy for custodial credit risk beyond the requirements of the State Statue. West Virginia law requires that deposits be insured or be protected by eligible securities pledged to and deposited either with the Board or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Quality Rating	Fair Value	Percent
AAA	$ 1,762,045	38.8%
AA+	155,080	3.4%
AA	483,929	10.7%
A	166,839	3.7%
Not Rated	1,973,772	43.4%
Total	$ 4,541,665	100.0%

Concentration of Credit Risk

The Board's investment policy follows the State of West Virginia Code § 8-13-22a and any subsequently enacted modifications of this statute concerning the limits on the amount that may be invest in any one financial institution.

NOTE 3 LEASING ARRANGEMENTS

The Board leases certain real estate in Morgantown to a limestone company. This operating lease specifies that the Board will receive $0.16 per ton up to 125,000 tons and $0.10 per ton thereafter, with an annual minimum rental of $5,000. The lease is for a 20 year period, and requires the lessee to maintain adequate insurance for the leased property. Revenues reported from this lease were $48,941 and $25,855 in 2011 and 2010, respectively.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers to Utility Plant	Ending Balance
Water Utility				
Plant	$ 66,373,769	$ 1,241,166	$ (61,022)	$ 67,553,913
Construction in Process	9,277,170	31,460,222	(1,241,167)	39,496,225
Sewer Utility				
Plant	90,894,967	2,222,528	(146,018)	92,971,477
Construction in Process	16,281,551	7,330,102	(2,222,528)	21,389,125
Storm Water Utility				
Plant	16,511,657	109,621	(1,030)	16,620,248
Construction in Process	7,684,630	408,748	(109,620)	7,983,758
Total	207,023,744	42,772,387	(3,781,385)	246,014,746
Less: Accumulated Depreciation				
Water Utility	(27,105,439)	(1,304,502)	89,612	(28,320,329)
Sewer Utility	(46,459,879)	(2,011,601)	152,004	(48,319,476)
Storm Water Utility	(2,110,842)	(329,328)	1,030	(2,439,140)
Total Accumulated Depreciation	(75,676,160)	(3,645,431)	242,647	(79,078,945)
Total Net Capital Assets	$ 131,347,584	$ 39,126,956	$ (3,538,739)	$ 166,935,801
Depreciation Expense Charged to Operations		$ 3,645,431		

NOTE 4 CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements/ Transfers to Utility Plant	Ending Balance
Water Utility				
Plant	$ 65,190,543	$ 1,271,296	$ (88,070)	$ 66,373,769
Construction in Process	3,148,309	7,400,157	(1,271,296)	9,277,170
Sewer Utility				
Plant	89,900,822	2,570,349	(1,576,204)	90,894,967
Construction in Process	10,075,466	8,776,434	(2,570,349)	16,281,551
Storm Water Utility				
Plant	15,415,162	1,103,181	(6,686)	16,511,657
Construction in Process	8,229,236	558,575	(1,103,181)	7,684,630
Total	191,959,538	21,679,992	(6,615,786)	207,023,744
Less: Accumulated Depreciation				
Water Utility	(25,843,798)	(1,351,116)	89,475	(27,105,439)
Sewer Utility	(44,783,149)	(2,126,184)	449,454	(46,459,879)
Storm Water Utility	(1,799,399)	(318,130)	6,687	(2,110,842)
Total Accumulated Depreciation	(72,426,346)	(3,795,430)	545,616	(75,676,160)
Total Net Capital Assets	$ 119,533,192	$ 17,884,562	$ (6,070,170)	$ 131,347,584
Depreciation Expense Charged to Operations		$ 3,795,430		

NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN

Plan Description – The Board contributes to the City of Morgantown, WV (the "City") Employee's Retirement and Benefit Fund (the Plan). The Plan is a cost-sharing multiple-employer defined benefit plan. The Plan provides retirement, disability and death benefits to plan members and beneficiaries. Major features of the plan appear in Chapter 8, Article 22, Sections 2-15 of the Code of West Virginia as approved by ordinance of the City Council of Morgantown, WV.

NOTE 5 PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Funding Policy – Plan members are required to contribute 6% of their annual covered salary and the Board is required to contribute an actuarially determined rate. The 2010 and 2011 rates were 10.35% and 8.29% of annual covered payroll. The Board's contributions to the Plan for the years ended June 30, 2011, 2010 and 2009 were $646,270, $478,911 and $475,353.

Deferred Compensation Plan – Employees are eligible to participate in an IRC Section 457 Deferred Compensation Plan. The maximum amount which may be deferred is the lesser of 100% of an employee's salary or $16,500, for 2010 and 2011, plus $5,000 catch-up for employees over fifty years of age. The Board provides no match for participant's contributions. All amounts which are deferred remain solely the property of the Board and are subject to its general creditors.

NOTE 6 LONG-TERM DEBT

Following is a description of the long-term liabilities of the Board.

1992 Bonds Payable
The Board issued $11,900,000 in a combined water and sewer revenue bond on September 15,1992. This bond matures quarterly starting March 1, 1993, until December 1, 2012. This bond bears an interest rate of 3% per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year. Annualized payments of $792,100 are required.

1995 Bonds Payable
The Board issued $1,601,477 in a combined water and sewer revenue bond on April 22, 1995. This bond matures quarterly starting March 1, 1996, until December 1, 2015. This bond bears an interest rate of 2% and a 1% administration fee per annum and is payable quarterly on March 1, June 1, September 1, and December 1 of each year. Annualized payments of $97,351 are required.

2000A Bonds Payable
The Board issued $7,842,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on March 1, 2026. The bonds bear no interest and were issued to the West Virginia Division of Environmental Protection. The bonds carry an 0.5% administrative fee per annum and are payable quarterly. Annualized payments of $323,384 are required.

2000B Bonds Payable
The Board issued $2,488,000 in a combined waterworks and sewerage system revenue bonds on February 8, 2000, for the construction of certain extensions, additions, betterments and improvements to the sewerage system for the Cheat Lake customers. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing March 1, 2002. The bonds mature on December 31, 2039. The bonds bear no interest and were issued to the West Virginia Infrastructure and Jobs Development Council. Annualized payments of $65,476 are required.

2001A Bonds Payable
The Board issued $3,812,470 in a combined waterworks and sewerage system revenue bonds on February 8, 2001, for the acquisition and construction of extensions, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The bonds mature quarterly on March 1, June 1, September 1, and December 1 of each year commencing June 1, 2002. The bonds will bear no interest until

NOTE 6 LONG-TERM DEBT (Continued)

after February 28, 2002. Effective March 1, 2002, the bonds will bear interest at a rate of 3% per annum and will be paid quarterly on March 1, June 1, September 1, and December 1 of each year commencing June 1, 2002. The bonds were issued to the West Virginia Development Authority and mature December 1, 2015. Annualized payments of $339,402 are required.

2006A Bonds Payable

The Board issued bonds of $6,410,000 in a combined waterworks and sewerage system revenue bonds on June 30, 2006, for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. $6,026,618 has been drawn on these bonds toward construction. The construction will be completed in fall 2009. The bonds bear interest rates of 3% with a 20 year term. The payments will be $97,416 quarterly, commencing September 2009.

2007 Bonds Payable

The Board issued bonds of $8,500,000 in a combined waterworks and sewerage system revenue bonds on June 30, 2007, for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. $8,362,281 has been drawn on these bonds toward construction. The construction is expected to be completed in fall of 2009. The bonds bear interest rates of 3% with a 20 year term. The payments will be $106,698 quarterly, commencing September 2009.

2010 Bonds Payable

The Board issued on January 28, 2010, (1) Combined Utility System Revenue bonds, Series 2010A (Direct Payment Build America Bonds), in the original aggregate principal amount of $37,950,000; (2) Combined Utility System Revenue Bonds, Series 2010B (West Virginia SRF Program/ARRA), in the original aggregate principal amount of $81,600; (3) Combined Utility System Revenue Bonds, Series 2010C (West Virginia SRF Program), in the original aggregate principal amount of $15,203,668; (4) Combined Utility System Revenue Bonds, Series 2010D (West Virginia DWTRF Program), in the original aggregate principal amount $9,317,286; (5) Combined Utility System Revenue Bonds, Series 2010E (West Virginia DWTRF Program/ARRA), in the original aggregate principal amount of $100,000, and (6) Combined Utility System Revenue Bonds, Series 2010F (Bank Qualified) in the original aggregate principal amount of $7,250,000, (collectively the "Series 2010 Bonds") for the acquisition and construction of the extension, additions, betterments and improvements of the waterworks portion of the existing public combined waterworks and sewerage system. The DWTRF bonds bear interest rates of 2% with a 20 year term, the SRF bonds bear interest rates of 3% with a 20 year term, the 2010F bonds will bear interest rates of 6.31% with a 21.858 year term and 2010 F will bear interest rates of 2.73% with a 5.932 year term . The payments are estimated annually to be $4,230,261. Amortization is approximated in the following tables.

NOTE 6 LONG-TERM DEBT (Continued)

Long-term debt activity for the year ended June 30, 2011 was as follows:

	Beginning	Payments	Proceeds	Ending	Current Portion
Morgantown 1992	$ 1,905,000	$ (745,000)	$ -	$ 1,160,000	$ 770,000
Morgantown 1995	505,836	(87,891)	-	417,945	89,661
Morgantown 2000 A	5,093,236	(323,381)	-	4,769,855	323,380
Morgantown 2000 B	1,931,454	(65,476)	-	1,865,978	65,476
Morgantown 2001 A	1,714,931	(291,208)	-	1,423,723	300,045
Morgantown 2006 A	5,878,028	(274,151)	-	5,603,877	279,676
Morgantown 2007 A	8,211,472	(294,345)	-	7,917,127	300,274
Morgantown 2010 A	37,950,000	-	-	37,950,000	-
Morgantown 2010 C	6,286,298	-	5,760,677	12,046,975	-
Morgantown 2010 D	1,275,823	-	5,912,932	7,188,755	-
Morgantown 2010 E	-	-	100,000	100,000	-
Morgantown 2010 F	7,250,000	-	-	7,250,000	-
Total	$ 78,002,078	$ (2,081,452)	$ 11,773,609	$ 87,694,235	$ 2,128,512

Maturities of the Board's debt for the years subsequent to June 30, 2011 are as follows:

Annual Principal Payment Requirements

	1992 Issue Principal	1995 Issue Principal	2000A Issue Principal	2000B Issue Principal	2001A Issue Principal	2006A Issue Principal	2007 Issue Principal
2012	770,000	89,661	323,380	65,476	300,045	279,676	300,274
2013	390,000	91,468	323,380	65,476	309,148	285,311	345,754
2014	-	93,312	323,380	65,476	318,528	291,060	392,547
2015	-	95,191	323,380	65,476	328,191	296,924	400,458
2016	-	48,313	323,380	65,476	167,811	302,907	408,617
2017-2021	-		1,616,900	327,380		1,608,591	2,169,482
2022-2026	-	-	1,536,055	327,380	-	1,777,326	2,397,051
2027-2031	-	-		327,380	-	762,082	1,502,944
2032-2036	-	-	-	327,380	-	-	-
2037-2040	-	-	-	229,078	-	-	-
Total	$ 1,160,000	$ 417,945	$ 4,769,855	$ 1,865,978	$ 1,423,723	$ 5,603,877	$ 7,917,127

NOTE 6 LONG-TERM DEBT (Continued)

	2010A Issue Principal	2010C Issue Principal*	2010D Issue Principal*	2010E Issue Principal	2010F Issue Principal
2012	$ -	$ -	$	$ -	$ -
2013	-	472,855	286,454	3,075	975,000
2014	-	641,580	388,667	4,171	990,000
2015	-	654,508	396,498	4,256	1,005,000
2016	-	667,696	404,489	4,341	1,030,000
2017-2021	3,570,000	3,545,804	2,148,036	23,054	3,250,000
2022-2026	6,795,000	3,917,744	2,373,356	25,473	-
2027-2031	8,130,000	4,328,698	2,622,307	28,144	-
2032-2036	9,925,000	1,151,342	697,479	7,486	-
2037-2040	9,530,000	-	-	-	-
Total	$ 37,950,000	$ 15,380,227	$ 9,317,286	$ 100,000	$ 7,250,000

* This is the scheduled amortization from the bond agreement. This assumes that the entire available amount will be drawn-down.

Annual Interest Payment Requirements

	1992 Issue Interest	1995 Issue Interest	2000A Issue Interest	2000B Issue Interest	2001A Issue Interest	2006A Issue Interest	2007 Issue Interest
2012	$ 48,825	$ 4,730	$ -	$ -	$ 48,192	$ 115,513	$ 132,451
2013	30,601	3,845	-	-	39,357	109,989	126,520
2014	-	2,941	-	-	30,254	104,353	135,161
2015	-	2,020	-	-	20,875	98,604	142,490
2016	-	1,443	-	-	11,211	86,756	126,511
2017-2021	-	-	-	-		339,725	505,706
2022-2026	-	-	-	-	-	170,992	278,136
2027-2031	-	-	-	-	-	14,878	47,955
Total	$ 79,426	$ 14,979	$ -	$ -	$ 149,889	$ 1,040,810	$ 1,494,930

NOTE 6 LONG-TERM DEBT (Continued)

	2010A(Net) Issue Interest	2010C Issue Interest *	2010D Issue Interest *	2010E Issue Interest	2010F Issue Interest
2012	$ 1,481,275	$ -	$ -	$ -	$ -
2013	1,481,275	228,347	138,332	1,485	180,060
2014	1,481,275	293,356	177,714	1,907	172,748
2015	1,481,275	280,427	169,882	1,823	155,535
2016	1,481,275	267,239	161,892	1,738	135,585
2017-2021	7,330,976	1,128,872	683,867	7,340	113,175
2022-2026	6,490,509	756,933	458,547	4,922	155,403
2027-2031	5,191,676	345,979	209,593	2,250	-
2032-2036	3,438,600	17,328	10,497	111	-
2037-2040	1,249,340	-	-	-	-
Total	$ 31,107,476	$ 3,318,481	$ 2,010,324	$ 21,576	$ 912,506

* This is the scheduled interest payable from the bond agreement. This assumes that the entire available amount will be drawn-down.

NOTE 7 RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board purchases insurance through a private carrier for all risks of loss including property insurance, pollution insurance, and bonding.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Board is a guaranteed cost participant in the West Virginia Worker's Compensation Program

NOTE 8 CONTINGENCIES / PENDING LITIGATION

The Board is a party to various legal proceedings. The Board's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Board's financial position

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Project Number	Federal CFDA Number	Disbursements
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the West Virginia Department of Health and Human Resources			
Capitalization Grants for Drinking Water State Revolving Loan Funds	544205	66.468	$ 4,614,637
ARRA - Capitalization Grants for Drinking Water State Revolving Loan Funds	544205	66.468	100,000
Total Passed through the West Virginia Department of Health and Human Resources			4,714,637
Passed through the West Virginia Environmental Protection Agency:			
Capitalization Grants for Clean Water State Revolving Funds	544205	66.458	5,760,674
Total Passed through the West Virginia Environmental Protection Agency			5,760,674
Total U.S. Environmental Protection Agency			10,475,311
Total Federal Awards Expenditures			$ 10,475,311

See Notes to the Schedule of Federal Awards Expenditures

Note A – Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the Board's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

October 28, 2011

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

We have audited the financial statements of the business-type activities of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents and have issued our report dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Board's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management, the Board of Directors, federal awarding agencies and pass-through entities, and others within the Utility Board. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 28, 2011

Morgantown Utility Board
Monongalia County
278 Greenbag Road
Morgantown, West Virginia 26507

To the Board of Directors:

Compliance

We have audited the compliance of the **Morgantown Utility Board** (the Board), a component unit of the City of Morgantown, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Audit Findings identifies the Board's major federal program. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect one of the major federal programs. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2011.

Internal Control over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities and others within the Utility Board. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry & Associates, CPA's A.C.

Perry and Associates
Certified Public Accountants, A C

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
MONONGALIA COUNTY

Schedule of Audit Findings
OMB CIRCULAR A - 133 § .505
June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Capitalization Grants for Drinking Water State Revolving Loan Funds CFDA# 66.468
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 314,259 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SUPPLEMENTARY FINANCIAL INFORMATION

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Sale of Water		
Metered Sales	$ 5,408,646	$ 5,322,562
Private Fire Protection	270,864	260,641
Total Sales of Water	5,679,510	5,583,203
Other Operating Revenues		
Forfeited Discounts and Penalties	21,647	21,171
Miscellaneous Service Revenues	47,942	26,613
Rents from Water Property	75,285	150,190
Billings Services Revenue	167,141	122,122
Service Connection Fees	20,360	20,515
Total Other Operating Revenues	334,375	340,811
Total Operating Revenues	6,013,885	5,924,014
Source of Supply Expenses		
Maintenance		
Collecting	2,721	4,362
Total Source of Supply Expenses	2,721	4,362
Pumping Expenses		
Operation		
Supervision and Engineering	24,404	25,117
Power and Pumping	623,985	541,764
Labor and Expense	15,326	11,315
Total Operation	663,715	578,196
Maintenance		
Pumping Equipment	51,009	42,595
Total Maintenance	51,009	42,595
Total Pumping Expenses	714,724	620,791
Water Treatment Expenses		
Operation		
Supervision and Engineering	38,139	35,865
Chemicals	310,023	366,204
Labor and Expense	470,698	460,119
Depreciation	484,505	525,000
Total Operation	1,303,365	1,387,188
Maintenance		
Supervision and Engineering	46,574	44,319
Structures and Improvements	133,952	138,791
Water Treatment Equipment	67,695	46,349
Total Maintenance	248,221	229,459
Total Water Treatment Expenses	1,551,586	1,616,647
Transmission and Distribution Expenses		
Operation		
Supervision and Engineering	64,387	112,531
Storage Facilities Expense	29,957	29,551
Transmission and Distribution	84,355	119,188
Meter Expense	57,759	52,984
Customer Installation Expense	11,477	9,036
Mapping and Records Expense	69,666	68,591
Shop Expense	202,028	160,408
Rents	210	210
Depreciation	809,997	736,116
Total Operation	1,329,836	1,288,619
Maintenance		
Supervision and Engineering	67,410	28,213
Structures and Improvements	9,710	3,586
Transmission and Distribution Main	367,570	390,603
Services	89,499	89,734
Meters	83,785	57,223
Hydrants	23,368	54,731
Total Maintenance	641,292	624,090
Total Transmission and Distribution Expenses	$ 1,971,128	$ 1,912,709

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)
(Continued)

	2011	2010
Billing and Collecting Expenses		
Meter Reading and Expenses	$ 72,336	$ 60,445
Customer Accounts Expenses	118,700	130,129
Uncollectible Accounts	14,257	14,075
Total Billing and Collecting Expenses	205,293	204,649
Administrative and General Expenses		
Administrative and General Salaries	48,689	59,974
Other General Office Salaries	186,336	175,297
Office Supplies and Other Expenses	45,788	47,452
Regulatory Commission Expense	21,824	19,610
Outside Services	27,751	22,644
Special Legal Services	3,679	14,069
Employee Pensions and Benefits	297,284	210,849
Employee Welfare Expenses	1,071,022	972,968
Insurance	111,628	97,993
Injuries and Damages	97,770	93,586
Employer's FICA Tax	211,940	193,886
Administrative Expenses Allocated to Overhead	(448,994)	(311,328)
Maintenance Expenses Structures	5,186	7,213
Office Furniture and Equipment	41,670	33,939
Communication Equipment	5,321	6,873
Miscellaneous Property	11,388	15,385
Employee Training	12,749	17,320
Miscellaneous General Expenses	109,899	128,547
Total Administrative and General Expenses	1,860,930	1,806,277
Total Operation and Maintenance Expense	6,295,957	6,165,639
Operating Income (Loss)	(282,097)	(241,625)
Other Nonoperating Income		
Other Income	830,267	151,770
Interest and Dividend Income	184,491	106,009
Unrealized Gain (Loss) on Investment	156,171	38,698
Total Other Nonoperating Income	1,170,931	496,477
Other Nonoperating Expenses		
Interest on Financing	1,691,468	846,811
Amortization of Financing Costs	3,170	3,170
Interest on Customer Deposits	1,224	2,836
Total Other Nonoperating Expenses	1,695,862	852,817
Net Nonoperating Income (Expenses)	(524,931)	(356,340)
Net Income / (Loss)	(807,028)	(597,965)

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Sewer Utility Income		
Domestic, Public and Industrial Service	$ 5,825,326	$ 5,811,342
Service to Other Systems	785,866	700,225
Other Sewerage Service	103,414	79,502
Total Sewer Utility Income	6,714,606	6,591,069
Other Sewerage Income		
Forfeited Discounts and Penalties	24,114	22,995
Merchandising, Jobbing and Contract Other Operating Income	7,605	18,915
Total Other Sewerage Income	31,719	41,910
Total Operating Revenues	6,746,325	6,632,979
Collecting Expenses		
Operation		
Supervision and Engineering	43,170	122,165
Labor	131,791	130,826
Supply and Expense	109,196	94,268
Total Operation	284,157	347,259
Maintenance		
Supervision and Engineering	70,267	44,206
Service Connection and Traps	183,317	118,612
Collecting and Transmission Mains	259,388	279,031
Depreciation	743,514	719,599
Total Maintenance	1,256,486	1,161,448
Total Collecting Expense	1,540,643	1,508,707
Pumping Expenses		
Operation		
Labor	56,010	37,185
Power and Fuel	118,080	95,785
Supplies and Expenses	14,278	12,380
Total Operation	188,368	145,350
Maintenance		
Pumping Equipment	57,741	107,361
Depreciation	199,467	192,000
Total Maintenance	257,208	309,361
Total Pumping Expenses	445,576	454,911
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	24,374	25,605
Labor	341,729	367,907
Supplies and Expense	341,318	356,977
Chemical and Treatment Expense	132,871	117,207
Total Operation	840,292	867,696
Maintenance		
Supervision and Engineering	24,008	23,526
Structures and Improvements	18,578	22,587
Treatment and Disposal System	211,652	206,034
Depreciation	483,832	624,000
Total Maintenance	738,070	876,147
Total Treatment and Disposal Expenses	$ 1,578,362	$ 1,743,843

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)
(Continued)

	2011	2010
Billing and Collecting Expenses		
Meter Reading Expenses	$ 129,236	$ 104,596
Customer Accounts Expenses	70,316	77,694
Uncollectible Accounts	19,239	19,541
Total Billing and Collecting Expense	218,791	201,831
Administrative and General Expenses		
Administrative and General Salaries	43,527	58,810
Other General Office Salaries	166,468	171,778
Office Supplies and Other Expenses	32,638	37,181
Regulatory Commission Expense	40,955	41,969
Outside Services	28,760	24,354
Special Legal Services	3,284	12,589
Employee Pensions and Benefits	264,971	202,651
Employee Welfare Expenses	1,029,649	997,841
Insurance	126,436	123,378
Injuries and Damages	101,501	135,872
Employer's FICA Tax	190,720	186,159
Administrative Expenses Allocated to Overhead	(179,670)	(209,975)
Maintenance Expenses Structures	10,544	5,461
Office Furniture and Equipment	37,597	34,145
Communication Equipment	4,743	5,885
Miscellaneous Property	17,006	19,507
Employee Training	9,453	10,639
Miscellaneous General Expenses	47,184	19,299
Total Administrative and General Expense	1,975,966	1,878,006
Total Operation and Maintenance Expense	5,759,338	5,787,298
Operating Income (Loss)	986,987	845,681
Other Nonoperating Income		
Other Income	34,728	73,122
Interest and Dividend Income	110,569	68,327
Unrealized Gain (Loss) on Investment	216,137	63,613
Total Other Nonoperating Income	361,434	205,062
Other Nonoperating Expenses		
Interest on Financing	171,332	199,319
Amortization of Financing Costs	8,610	8,610
Administrative Costs of Bonds	39,214	40,103
Interest on Customer Deposits	426	1,442
Total Other Nonoperating Expenses	219,602	249,474
Net Nonoperating Income (Expenses)	141,832	(44,412)
Net Income	1,128,819	801,269

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Cheat Sewer Revenues	$ 1,158,459	$ 1,133,895
Forfeited Discounts and Penalties	5,565	5,491
Total Operating Revenues	1,164,024	1,139,386
Collecting Expenses		
Operation		
Supervision and Engineering	3,727	3,084
Labor	23,564	23,561
Total Operation	27,286	26,645
Maintenance		
Supervision and Engineering	21,193	22,227
Service Connection and Traps	10,014	11,123
Collecting and Transmission Mains	31,455	41,232
Depreciation	494,789	500,585
Total Maintenance	557,471	575,167
Total Collecting Expenses	584,757	601,812
Pumping Expenses		
Operation		
Labor	42,584	45,389
Power and Fuel	32,210	26,721
Supplies and Expenses	9,053	7,544
Total Operation	83,847	79,654
Maintenance		
Pumping Equipment	12,537	24,848
Total Maintenance	12,537	24,848
Total Pumping Expenses	96,384	104,498
Treatment and Disposal Expenses		
Operation		
Supervision and Engineering	2,994	3,565
Labor	58,654	51,458
Supplies and Expense	190,265	167,203
Total Operation	251,913	222,226
Maintenance		
Structures and Improvements	1,528	1,823
Treatment and Disposal System	16,671	20,243
Total Maintenance	18,199	22,066
Total Treatment and Disposal Expenses	$ 270,112	$ 244,292

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
CHEAT SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)
(Continued)

	2011	2010
Billing and Collecting Expenses		
Meter Reading Expenses	$ 35,73[illegible]	$ 28,767
Customer Accounts Expenses	21,599	23,323
Uncollectible Accounts	3,882	3,796
Total Billing and Collecting Expense	61,21[illegible]	55,886
Administrative and General Expenses		
Administrative and General Salaries	25,690	31,837
Office Supplies and Other Expenses	(3,754)	(3,661)
Regulatory Commission Expense	5,342	6,022
Outside Services	1,455	2,543
Employee Pensions and Benefits	64,034	74,359
Insurance	116,860	119,090
Employer's FICA Tax	23,152	25,377
Employee Training	706	1,386
Miscellaneous General Expenses	4,976	3,276
Total Administrative and General Expense	238,86[illegible]	260,179
Total Operation and Maintenance Expense	1,351,332	1,216,6[illegible]
Operating Income (Loss)	(87,308)	(77,291)
Other Nonoperating Expenses		
Administrative Costs of Bonds	19,80[illegible]	19,807
Total Other Nonoperating Expenses	19,80[illegible]	19,807
Net Income (Loss)	(107,11[illegible]	(97,098)

MORGANTOWN UTILITY BOARD
(A Component Unit of the City of Morgantown)
STORM WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010
(UNAUDITED)

	2011	2010
Operating Revenues		
Storm Water Revenues	$ 1,629,561	$ 1,611,339
Forfeited Discounts and Penalties	21,166	21,492
Total Operating Revenues	1,650,727	1,632,831
Collecting Expenses		
Operation		
Supervision and Engineering	3,237	4,317
Labor	51,648	53,371
Total Operation	54,885	57,688
Maintenance		
Supervision and Engineering	83,215	64,399
Service Connection and Traps	211,980	221,114
Depreciation	329,328	318,130
Total Maintenance	624,523	603,643
Total Collecting Expenses	679,408	661,331
Billing and Collecting Expenses		
Customer Accounts Expenses	56,592	61,491
Uncollectible Accounts	5,376	5,076
Total Billing and Collecting Expense	61,968	66,567
Administrative and General Expenses		
Administrative and General Salaries	40,897	43,862
Office Supplies and Other Expenses	(30,826)	(44,864)
Regulatory Commission Expense	1,750	-
Outside Services	12,151	38,307
Employee Pensions and Benefits	110,523	100,373
Insurance	161,935	145,276
Employer's FICA Tax	37,062	34,694
Employee Training	5,613	7,112
Miscellaneous General Expenses	7,407	4,206
Total Administrative and General Expense	346,512	328,961
Total Operation and Maintenance Expense	1,087,955	1,056,859
Operating Income (Loss)	562,772	575,972
Other Nonoperating Expenses		
Interest on Debt	131,961	137,784
Amortization of Debt	3,696	3,696
Administrative Expense 2007	44,194	44,194
Public Outreach	1,694	1,159
Total Other Nonoperating Expenses	181,545	186,833
Net Income	381,227	389,139

APPENDIX D

Form of Bond Counsel Opinion

October 5, 2012

The City of Morgantown (West Virginia)
Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

The City of Morgantown
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by The City of Morgantown (West Virginia) (the "Issuer") of its $2,330,000 in aggregate principal amount of Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 C Bonds").

The Series 2012 C Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on January 3, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 6, 2012 (collectively, the "Bond Legislation"), and are subject to all the terms and conditions of the Bond Legislation. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Legislation.

The Series 2012 C Bonds are issued in fully registered form, are dated October 5, 2012, upon original issuance, mature in years and in the amounts, and bear interest payable each April 1 and October 1, commencing April 1, 2013, as follows:

Bond No.	Maturity Date (October 1)	Principal Amount	Interest Rate	CUSIP No.
CR-1	2015	$280,000	1.500%	61759C AV0
CR-2	2017	$190,000	2.000%	61759C AW8
CR-3	2019	$200,000	2.500%	61759C AX6
CR-4	2022	$325,000	3.000%	61759C AY4
CR-5	2025	$355,000	3.250%	61759C AZ1
CR-6	2027	$255,000	3.500%	61759C BA5
CR-7	2029	$275,000	4.000%	61759C BB3
CR-8	2032	$450,000	4.000%	61759C BC1

The Series 2012 C Bonds are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Bond Legislation.

The Series 2012 C Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the System; (ii) funding the Series 2012 C Bonds Reserve Account; and (iii) paying the costs of issuance of the Series 2012 C Bonds.

The Series 2012 C Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated September 26, 2012, and accepted by the Issuer (the "Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Bond Legislation, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Bond Legislation, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2012 C Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to enact and adopt the Bond Legislation, enter into the Continuing Disclosure Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2012 C Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively enacted and adopted the Bond Legislation, has authorized, executed and delivered the Purchase Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2012 C Bonds to the Purchaser pursuant to the Purchase Agreement. The Bond Legislation is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2012 C Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Bond Legislation, and are entitled to the benefits of the Bond Legislation and the Act.

4. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2012 C Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that interest on the Series 2012 C Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes). The opinions set forth above are subject to the condition that the Issuer comply, on a continuing

basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2012 C Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2012 C Bonds set forth in the Bond Legislation, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2012 C Bonds to be includable in gross income retroactive to the date of issuance of the Series 2012 C Bonds. We express no opinion as to the federal tax consequences of purchasing, holding or disposing of the Series 2012 C Bonds.

5. Under the Act, as presently written and applied, the Series 2012 C Bonds and interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

6. The Series 2012 C Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2012 C Bonds, to register any securities under said Securities Acts.

7. The Series 2012 C Bonds have been duly authorized, issued, executed and delivered by the Issuer 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 the Issuer's: (1) Combined Utility System Revenue Bonds, Series 1992 (West Virginia DWTRF Program), dated September 8, 1992, issued in the original aggregate principal amount of $11,900,000 (the "Series 1992 Bonds"); (2) Combined Utility System Revenue Bonds, Series 1995 (West Virginia DWTRF Program), dated April 27, 1995, issued in the original aggregate principal amount of $1,601,477 (the "Series 1995 Bonds"); (3) Combined Utility System Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated February 29, 2000, issued in the original aggregate principal amount of $7,842,000 (the "Series 2000 A Bonds"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility System Revenue Bonds, Series 2006 A (West Virginia DWTRF Program), dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191 (the "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia DWTRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010

F (Bank Qualified), dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000 (the "Series 2010 F Bonds"); (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); and (15) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"), (collectively the "Prior Bonds"), all in accordance with the terms of the Series 2012 C Bonds and the Bond Legislation.

8. The Issuer has designated the Series 2012 C Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

It is to be understood that the rights of the holders of the Series 2012 C Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2012 C Bonds, the Bond Legislation, the Continuing Disclosure Agreement and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. CR-1 through R-8 of said issue, and in our opinion, said Series 2012 C Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

APPENDIX E

The Ordinance as Supplemented and Amended

Stormwater Project

THE CITY OF MORGANTOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, The City of Morgantown (the "Issuer" or the "City") presently owns and operates, through The City of Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage and stormwater system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the System, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the Issuer has determined that the aforementioned acquisition

and construction of extensions, additions, betterments and improvements to the stormwater portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds" or the "Bonds"), such Series 2012 Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2012 Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined;

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2012 Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto.

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

"Bond Counsel" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2012 Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Series 2012 Bonds.

"Bond Year" means with respect to each series of Series 2012 Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2012 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2012 Bonds in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM hereto.

"City" or "Issuer" means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County thereof, and, where appropriate, the Council, the Board and any successor thereto.

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

"Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

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

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs set forth in Section 1.02C.

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

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2012 Bonds, meeting the qualifications prescribed by DTC.

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

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

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

"Government Obligations" shall have the meaning set forth in the Supplemental Resolution.

"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).

"Independent Accountant" means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"Mayor" means the Mayor of the Issuer.

"Municipal Bond Insurance Policy" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2012 Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2012 Bonds, in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2012 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2012 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2012 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means Gross Revenues less Operating Expenses.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds of the Series 2012 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2012 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2012 Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the Series 2012 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2012 Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Series 2011 A Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the construction improvements to the stormwater portion of the System.

"Purchase Price" for the purpose of computation of the Yield of the Series 2012 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2012 B to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2012 Bonds are privately placed, the price paid by the first buyer of the

Series 2012 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2012 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2012 Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2012 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2012 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

"Series 1992 Bonds" means the Combined Utility 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 Utility 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 2000 A Bonds" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 Bonds" means the Combined Utility System Revenue Bonds, Series 2012 of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2012 Bonds Acquisition and Construction Fund" means the Series 2012 Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"Series 2012 Bonds Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2012 Bonds Redemption Account" means the Redemption Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account" means the Series 2012 Bonds Reserve Account created in the Series 2012 Bonds Sinking Fund by Section 4.02 hereof.

"Series 2012 Bonds Sinking Fund" means the Series 2012 Bonds Sinking Fund created by Section 4.02 hereof.

"Series 2012 Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2012 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2012 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2012 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2012 Bonds and authorizing the sale of the Series 2012 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

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

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

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the City and specifically of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, specifically including, but not limited to, the Sabraton Stormwater Project and all necessary appurtenances; (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2012, in the aggregate principal amount of not more than $3,500,000, to permanently finance a portion of 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; interest, if any, upon the Series 2012 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2012 Bonds Reserve Account; underwriter's discount, 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; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2012 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and 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 2012 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that the Series 2012 Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be

entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2012 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility 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 Utility 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 Utility 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"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility 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 "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"); and (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), issued prior to the Series 2012 Bonds in the original aggregate amount of not more than $5,000,000 (the "Series 2012 A Bonds"), (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2012 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, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds to the issuance of the Series 2012 Bonds on a parity with the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2011 A Bonds. The

Series 2010 A Bonds and Series 2010 F Bonds do not require consent. 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.

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.

G. The Issuer intends to issue the Series 2012 Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2012 Bonds, and the Prior Bonds, to pay the principal on the Series 2012 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2012 Bonds, and secure the Series 2012 Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series 2012 Bonds Reserve Account, unexpended proceeds of the Series 2012 Bonds and as further set forth herein.

J. The Series 2012 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - SERIES 2012 BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2012 Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2012 Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2012 Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2012 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and

appeal of which will either have expired prior to the date of issuance of the Series 2012 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2012 Bonds by those who shall own or hold the same from time to time, this Ordinance 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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 more than $3,600,000 of which up to $3,500,000 will be obtained from the Series 2012 Bonds and $100,000 will be obtained as a contribution from the Issuer.

ARTICLE III
THE SERIES 2012 BONDS

Section 3.01 Form and Payment of Bonds. No Series 2012 Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2012 Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2012 Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2012 Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2012 Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2012 Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2012 Bonds shall be in default, Bonds issued in exchange for Series 2012 Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2012 Bonds surrendered.

The principal of and the premium, if any, on the Series 2012 Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2012 Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2012 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2012 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2012 Bond in the principal amount of said 2012 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2012 Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their respective manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2012 Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 Bonds be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2012 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2012 Bond, substantially in the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference with respect to the Series 2012 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2012 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2012 Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2012 Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2012 Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2012 Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2012 Bonds. The Series 2012 Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2012 Bond, there shall be issued at the option of the

Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2012 Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2012 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2012 Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2012 Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2012 Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2012 Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2012 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2012 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2012 Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued as part of the Series 2012 Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2012 Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2012 Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2012 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2012 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2012 Bonds Redemption Account payment

designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2012 Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Series 2012 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2012 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be sent to registered securities depositories, nationally recognized municipal securities information repositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

If funds sufficient to redeem all Series 2012 Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2012 Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2012 Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds

shall cease to bear interest. Upon surrender of such Series 2012 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2012 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2012 Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2012 Bonds. For the purposes of paying costs of acquisition and construction of improvements and betterments to the stormwater portion of the System, funding the Series 2012 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2012 Bonds of the Issuer, in an aggregate principal amount of not more than $3,500,000. Said Series 2012 Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2012" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2012 Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2012 Bonds shall be numbered from AR-1 consecutively upward. The Series 2012 Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $3,500,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional

redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2012 Bonds.

A. The Series 2012 Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2012 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2012 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2012 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2012 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2012 Bond or any other evidence of ownership of the Series 2012 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2012 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2012 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2012 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2012 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2012 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2012 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2012 Bonds so redeemed, but DTC may retain such Series 2012 Bonds and make an appropriate notation on the Series 2012 Bonds certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2012 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2012 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2012 Bonds, selecting the Series 2012 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2012 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected

by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2012 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2012 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2012 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2012 Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2012 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2012 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2012 Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2012 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 Bonds.

Section 3.12. Delivery of Series 2012 Bonds.

A. The Issuer shall execute and deliver the Series 2012 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2012 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2012 Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2012 Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

Section 3.13. Form of Series 2012 Bonds. The definitive Series 2012 Bonds shall be in substantially the form set forth in EXHIBIT A - Series 2012 Bond FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2012 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2012 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2012 Bonds. Upon the issuance and delivery of the Series 2012 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2012 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2012 Bonds Sinking Fund and applied to payment of interest on the Series 2012 Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2012 Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2012 Bonds Reserve Account, provided that, to the extent the Series 2012 Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2012 Bonds shall be deposited in the Series 2012 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2012 Bonds Reserve Requirement.

3. The amount of Series 2012 Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2012 Bonds shall be deposited with the Depository Bank in the Series 2012 Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2012 Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2012 Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2012 Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2012 Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2012 Bonds from which such proceeds are derived.

4. The balance of Series 2012 Bonds proceeds, if any, shall be deposited in the Series 2012 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15(A) hereof.

Section 3.15. Disbursements from the Acquisition and Construction Fund. Disbursements from the Series 2012 Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2012 Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for

acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2012 Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

(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 2012 Bonds Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued is established by Prior Ordinances) 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 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Prior Ordinance);

(17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinance);

(18) Series 2010 C Bonds Reserve Account (established by Prior Ordinance);

(19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinance);

(20) Series 2010 D Bonds Reserve Account (established by Prior Ordinance);

(21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinance);

(22) Series 2010 E Bonds Reserve Account (established by Prior Ordinance);

(23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinance);

(24) Series 2010 F Bonds Reserve Account (established by Prior Ordinance);

(25) Series 2012 Bonds Sinking Fund; and

(26) Series 2012 Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2012 Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the respective Prior Bonds; and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2012 Bonds, apportion and set apart out of the

Revenue Fund and deposit in the Series 2012 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2012 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2012 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2012 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; and (ii) for deposit in the Series 2012 Bonds Sinking Fund (and in the Series 2012 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2012 Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2012 Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2012 Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2012 Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2012 Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2012 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 2012 Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2012 Bonds, for deposit in the Series 2012 Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 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 2012 Bonds Reserve Requirement; provided further, that if the amounts in the Series 2012 Bonds Reserve Account, as a result of a decrease in value of the Series 2012 Bonds Reserve Account below the Series 2012 Bonds Reserve Account Requirement or any withdrawal from the Series 2012 Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2012 Bonds Reserve Account, beginning with the first full calendar month following the date on which (i) the valuation of investments in the Series 2012 Bonds Reserve Account

results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2012 Bonds Reserve Account is less than the Series 2012 Bond Reserve Account Requirement, or (ii) any amount is withdrawn from the Series 2012 Bonds Reserve Account for deposit into the Series 2012 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2012 Bonds Reserve Account to an amount equal to the Series 2012 Bond Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2012 Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2012 Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2012 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2012 Bond Reserve Account Requirement.

Amounts in the Series 2012 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2012 Bonds when due, when amounts in the Series 2012 Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

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

(6) 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.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue

Fund and from the proceeds of the sale of the Series 2012 Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2012 Bonds, all in accordance with the respective principal amounts then Outstanding.

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section (unless otherwise required by the Bond Insurer and as set forth in the Supplemental Resolution):

(A) Qualified Investments acquired for the Series 2012 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2012 Bonds Reserve Account to the Sinking Fund any earnings on the monies deposited therein and any other funds in excess of the Series 2012 Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2012 Bonds Reserve Account an amount at least equal to the Series 2012 Bonds Reserve Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2012 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2012 Bonds Reserve Account shall, at any time, be less than the applicable Series 2012 Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03(3).

(E) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2012 Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(F) Notwithstanding the foregoing, all monies deposited in the Series 2012 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2012 Bonds in such manner and to such extent as may be necessary, so that such Series 2012 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, 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 such Bonds) so that the interest on the Series 2012 Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.04. Tax Certificate, Rebates, and Rebate Fund. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax 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 any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2012 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 Ordinance.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation,

the Issuer or the Board 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 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefore. The Issuer at its expense, 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 5.04. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.04 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 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.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance 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 2012 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2012 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2012 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2012 Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2012 Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2012 Bonds issued hereunder

shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2012 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2012 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds and, in the instance of the Series 2012 Bonds, all monies and securities in the Series 2012 Sinking Fund, including the Series 2012 Bonds Reserve Account therein, to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2012 Bonds herein authorized, and to make the payments into the Series 2012 Bonds Sinking Fund, all monies and securities in the Series 2012 Bonds Sinking Fund, including the Series 2012 Bonds Reserve Account therein.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. In any event, subject to the requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate ordinance.

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2012 Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2012 Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provision notwithstanding, the Board shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of $250,000, the Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then provide for the sale of such property. The proceeds of any such sale shall be used for any lawful purpose of the System. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $250,000 but not in excess of $1,000,000, the Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Board may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $250,000 and not in excess of $1,000,000, shall be deposited by the Issuer into the Renewal and Replacement Fund. Such payments of such proceeds into the Renewal and Replacement Fund shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $1,000,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations

whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, 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 the Gross Revenues with the Series 2012 Bonds; and all obligations hereafter issued by the Issuer 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 2012 Bonds.

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, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2012 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional 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 additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

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

No such Additional 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 an Independent Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2012 Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

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

(4) The Additional Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to

be financed by such Additional 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 Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Accountant, which shall be filed in the office of the Clerk prior to the issuance of such Additional 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 Accountant, as stated in a certificate on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Additional Parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2012 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2012 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the 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 said 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 Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2) and (3) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2012 Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2012 Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and 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, provided that, the Board, with the review of an insurance consultant and the concurrence of the Issuer, may elect to self-insure, so long as the following requirements are met:

(i) The self-insurance program has been reviewed by an insurance consultant;

(ii) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an insurance consultant; and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the insurance consultant;

(iii) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(iv) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an insurance consultant, shall be maintained.

If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of

similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. 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 Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body 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.

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

The Issuer shall 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.

Section 6.10. Services Rendered to the Board or Issuer. The Board will not render or cause to be rendered any free services of any nature by its System; and, in the event the Board, the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Board, the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Board or the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues

derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer or 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, 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 and facilities of the System and any services and facilities of the Issuer's waterworks system, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus penalty charges for the restoration of service, has been fully paid or an appropriate payment plan has been established.

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. 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 Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2012 Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with 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 Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues,

expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Accountant, or a summary thereof, to any Holder or Holders of Series 2012 Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, 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. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and the Bond Insurer, if any, 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 Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion 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 waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents 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 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 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 the issuance of the Series 2012 Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2012 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 such Series 2012 Bonds during the term thereof is, under the terms of such 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2012 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 2012 Bonds during the terms thereof is, under the terms of such Series 2012 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 2012 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2012 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related. All of the foregoing shall be determined as provided for in the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2012 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan 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 2012 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2012 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2012 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. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate, which are hereby incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2012 Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2012 Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2012 Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2012 Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.19. Designation of Series 2012 Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2012 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2012 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and reasonably anticipates that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations described in Section 265(b)(3)(c)(ii) of the Code, including the Series 2012 Bonds, shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2012, all as determined in accordance with the Code.

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2012 Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

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

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Series 2012 Bonds, as applicable;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall be made without the prior written consent of the applicable Bond Insurer or shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2012 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 Series 2012 Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts 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 Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, 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 Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2012 Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2012 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2012 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2012 Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2012 Bonds, the first exchange of Series 2012 Bonds and the exchange of Series 2012 Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2012 Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2012 Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2012 Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no

event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2012 Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2012 Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2012 Bond shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2012 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been

paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2012 Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2012 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X
MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2012 Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2012 Bonds, this Ordinance and any Supplemental Resolution may, without the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series

2012 Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2012 Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2012 Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Series 2012 Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Series 2012 Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2012 Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2012 Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

REGISTRAR

[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attn: Executive Director

DEPOSITORY BANK

[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set forth in the Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council, the Board or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2012 Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2012 Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.13. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2

successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2012 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 3rd day of January, 2012, at 7:30 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading:	December 6, 2011
Second Reading:	December 20, 2011
Effective following Public Hearing held on:	January 3, 2012

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Attorney

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the City Council of THE CITY OF MORGANTOWN at a regular meeting of the City Council held on _____, 2012, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing.

Dated this _____ day of _____, 20___.

[SEAL]

_____
City Clerk

EXHIBIT A - SERIES 2012 BOND FORM

[DTC Legend]

No. AR-_____

$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2012" (the "Series 2012 Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2012, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2012 Bonds, and (iv) to pay certain costs of issuance of the Series 2012 Bonds and related costs. The Series 2012 Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2012, and supplemented by a supplemental resolution adopted by said Council on _____, 2012 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2012 Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2012 Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

[The Series 2012 Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer].]

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS").

The Series 2012 Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

_____(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

_____
* Final Maturity

In the event of any redemption of less than all outstanding Series 2012 Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2012 Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2012 Bonds are to be redeemed, the Series 2012 Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2012 Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2012 Bond or Series 2012 Bonds to be

redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2012 Bonds or portions of Series 2012 Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2012 Bonds or portions of Series 2012 Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2012 Bond.

The Series 2012 Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, all monies in the Series 2012 Bonds Sinking Fund, and the Series 2012 Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2012 Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2012 Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2012 Bonds Sinking Fund and the Series 2012 Bonds Reserve Account and said unexpended Series 2012 Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2012 Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2012 Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2012 Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2012 Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2012 Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2012 Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the

Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2012 Bonds of which this Series 2012 Bond is one.

This Series 2012 Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2012 Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2012 Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2012 Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2012 Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2012 Bond to be dated as of the Series 2012 Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

_____

Mayor

[Manual or facsimile signature]

_____

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Series 2012 Bond is one of the fully registered Series 2012 Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2012 Bonds.

Dated: _____, 2012.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, 20____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

THE CITY OF MORGANTOWN, WEST VIRGINIA

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B

BOND ORDINANCE

Table of Contents

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

ARTICLE III
The Series 2012 BondS

Section 3.01	Form and Payment of Bonds
Section 3.02	Execution of Bonds
Section 3.03	Authentication and Registration
Section 3.04	Negotiability and Registration
Section 3.05	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.06	Term Bonds
Section 3.07	Notice of Redemption
Section 3.08	Persons Treated as Owners
Section 3.09	Temporary Bonds
Section 3.10	Series 2012 Bonds
Section 3.11	Book Entry System for Series 2012 Bonds
Section 3.12	Delivery of Series 2012 Bonds
Section 3.13	Form of Series 2012 Bonds
Section 3.14	Disposition of Proceeds of Series 2012 Bonds

Section 3.15 Disbursements from the Acquisition and Construction Fund

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01 Establishment of Funds and Accounts with Depository Bank
Section 4.02 Establishment of Funds and Accounts with Bond Commission
Section 4.03 System Revenues and Application Thereof

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01 Investments
Section 5.02 Continuing Disclosure Agreement
Section 5.03 Arbitrage
Section 5.04 Tax Certificate, Rebate and Rebate Fund

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01 Covenants Binding and Irrevocable
Section 6.02 Bonds not to be Indebtedness of the Issuer
Section 6.03 Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund
Section 6.04 Rates
Section 6.05 Completion of Project; Operation and Maintenance
Section 6.06 Sale of the System
Section 6.07 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 6.08 Additional Parity Bonds
Section 6.09 Insurance and Bonds
Section 6.10 Services Rendered to the Board or Issuer
Section 6.11 Enforcement of Collections
Section 6.12 No Competing Franchise
Section 6.13 Books and Records
Section 6.14 Operating Budget
Section 6.15 Mandatory Connections
Section 6.16 Statutory Mortgage Lien
Section 6.17 Tax Covenants
Section 6.18 Covenants Regarding the Municipal Bond Insurance Policy

Section 6.19 Designation of Series 2012 Bonds as "Qualified Tax Exempt Obligations".

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Events of Default
Section 7.02 Enforcement
Section 7.03 Appointment of Receiver
Section 7.04 Restoration of Issuer and Bondholder

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01 Appointment of Registrar
Section 8.02 Responsibilities of Registrar
Section 8.03 Evidence on Which Registrar May Act
Section 8.04 Compensation and Expenses
Section 8.05 Certain Permitted Acts
Section 8.06 Resignation of Registrar
Section 8.07 Removal
Section 8.08 Appointment of Successor
Section 8.09 Transfer of Rights and Property to Successor
Section 8.10 Merger or Consolidation
Section 8.11 Adoption of Authentication
Section 8.12 Paying Agent

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01 Defeasance; Discharge of Pledge of Ordinance

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment of Ordinance
Section 10.02 Evidence of Signatures of Bondholders and Ownership of Bonds
Section 10.03 Preservation and Inspection of Documents
Section 10.04 Cancellation of Bonds
Section 10.05 Failure to Present Bonds
Section 10.06 Notices, Demands and Requests
Section 10.07 No Personal Liability
Section 10.08 Law Applicable
Section 10.09 Parties Interested Herein

Section 10.10 Severability of Invalid Provisions
Section 10.11 Table of Contents and Headings
Section 10.12 Conflicting Provisions Repealed
Section 10.13 Procedure on Enactment of Ordinance; Public Hearing

SIGNATURES
CERTIFICATION
EXHIBIT A - SERIES 2012 BOND FORM

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS, PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 (TAX-EXEMPT) OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING BOND PURCHASE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS, PROVIDING FOR APPOINTMENT OF 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" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective January 3, 2012 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Issuer desired to amend the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2012 (Tax-Exempt) in one or more series in the aggregate principal amount of not more than $3,500,000 (the "Series 2012 Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on

the Series 2012 Bonds, funding a reserve account for the Series 2012 Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2012 Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2012 Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2012 Bonds are proposed to be purchased by Crews & Associates, Inc., (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms and provisions of all documents relating to the Series 2012 Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2012 Bonds, hereinafter described, be approved, that the Issuer's Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2012 Bonds be herein provided for, all in accordance with said Ordinance,

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

Section 1. The following special funds are created with and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other:

(1) Cost of Issuance Fund; and

(2) Redemption Account

Section 2. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2012 Bonds. The Series 2012 Bonds shall be issued in the aggregate principal amount not to exceed $3,500,000, bear interest at a rate not to exceed 8.0% payable semiannually as shown on the Certificate of Determinations shall mature within 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however,

that the specific terms of the Series 2012 Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2012 Bonds Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2012 Bonds shall be as provided in the Ordinance, and the Series 2012 Bonds shall be in substantially the form provided in the Ordinance.

Section 3. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2012 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 4. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The execution of the Continuing Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 5. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby ratified and approved.

Section 6. The Registrar Agreement by and between the Issuer and the designated Registrar, to be dated as of the date of delivery of the Series 2012 Bonds, the form to be approved by the Mayor, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 7. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2012 Bonds.

Section 8. The Issuer does hereby authorize the Mayor to designate the Registrar.

Section 9. The Issuer does hereby authorize the Mayor to designate the Depository Bank.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The notice addresses for the Paying Agent and Original Purchaser shall be as follows:

PAYING AGENT

West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Public Finance

Section 12. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2012 Bonds issue to the end that the Series 2012 Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 13. The General Manager of the Morgantown Utility Board is hereby authorized to approve invoices and requests for payment for the Project.

Section 14. The financing of the project with proceeds of the Series 2012 Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. Upon approval by the Mayor, the Issuer may purchase insurance, as permitted by Section 6.18 of the Bond Legislation.

Section 16. This Supplemental Resolution shall be effective immediately.

[Remainder of Page Intentionally Left Blank]

Adopted this 6th day of March, 2012.

_____

Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on the 6th day of March, 2012.

Dated this _____ day of _____, 2012.

[SEAL]

_____
Clerk

627490.00044

EXHIBIT A

FORM OF

CERTIFICATE OF SERIES 2012 BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012

CERTIFICATE OF DETERMINATIONS

The undersigned, Jim Manilla, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Council of the Issuer on ____, 2012 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), hereby finds and determines as follows:

1. The Series 2012 Bonds shall be dated the date of closing thereon (estimated to be _____ ____, 2012) and shall bear interest on June 1 and December 1 of each year commencing _____, 2012.

2. The Series 2012 Bonds shall be issued in the aggregate principal amount of $_____a a true interest cost of _____%. Such interest rates do not exceed 8.0%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2012 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2012 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2012 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2012 Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. _____, West Virginia is hereby designated as the Registrar

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

8. _____, West Virginia is hereby designated as the Depository Bank.

9. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2012 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2012 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this _____ day of _____, 2012.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2012 BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (_____1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.

Schedule 2

Redemption Provisions:

EXHIBIT B

Form of Bond Purchase Agreement

EXHIBIT C

Form of Official Statement

APPENDIX F

Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend

payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Morgantown (the "Issuer"), and United Bank, Inc. (the "Dissemination Agent"), in connection with the issuance of $[2,330,000] City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on January 3, 2012 (the "Bond Ordinance"), as supplemented, amended and conformed by a Supplemental Parameters Resolution adopted by the City Council of the City on March 6, 2012 (the "Supplemental Resolution" and together with the Bond Ordinance as conformed, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated _____, 2012, which apply to any capitalized term used in the Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the current Mayor, City Manager, Utility Manager or Finance Director of the Issuer.

"Dissemination Agent" shall initially mean United Bank, Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of the Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds who are required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Issuer's fiscal year (presently June 30) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2012, provide to EMMA Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under the Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer thirty days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer

shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA its Annual Financial Information and Audited Financial Statements by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. Within 270 days of the Issuer's 2012 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

13. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action; or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed

---

1 For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Issuer. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. United Bank, Inc., is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change

in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Agreement, the Issuer shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by the Agreement. If the Issuer chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchasers), the Dissemination Agent or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the

Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Issuer:	City of Morgantown, West Virginia City Hall 389 Spruce Street Morgantown, WV 26505 Attention: City Manager
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301 Attention: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

Date: _____, 2012

CITY OF MORGANTOWN

By: _____
Its: Mayor

UNITED BANK, INCORPORATED,
as Dissemination Agent

By: _____

Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Morgantown (West Virginia)

Name of Issue: $[2,330,000] City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

Date of Issuance: _____, 2012

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

CITY OF MORGANTOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

$2,325,000
CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS (BANK QUALIFIED)
SERIES 2012 C

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Crews & Associates, Inc. (the "Underwriter"), that he is the duly elected and acting Mayor of the City of Morgantown, West Virginia (the "City"), authorized to execute and deliver this Certificate and further certifies on behalf of the City to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of City of Morgantown (West Virginia) Combined Utility System Revenue Bonds (Bank Qualified), Series 2012 C (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date hereof, setting forth information concerning the Bonds and the City (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, and other terms of the Bonds, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, final as of its date, and the information therein is accurate and complete except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final bond purchase agreement, any event occurs as a result of which the Preliminary Official Statement might include an 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, the City shall promptly notify the Underwriter thereof.

(6) The section of the Preliminary Official Statement entitled Continuing Disclosure describes the agreement the city expects to make for the benefit of the Bondholders in the Ordinance, as defined in the Preliminary Official Statement, by which the City will undertake to provide ongoing disclosure in accordance with Section (b)(5)(I) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 21st day of September, 2012.

CITY OF MORGANTOWN, WEST VIRGINIA

By: _____
Its: Mayor

THE CITY OF MORGANTOWN (WEST VIRGINIA)

$2,330,000
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2012 C (BANK QUALIFIED)

BOND PURCHASE AGREEMENT

September 26, 2012

The City of Morgantown
389 Spruce Street
Morgantown, WV 26505

Ladies and Gentlemen:

Crews & Associates, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with The City of Morgantown, West Virginia (the "City"). This offer is made subject to acceptance and execution of this Purchase Agreement by the City prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the City as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Mayor and City Manager of the City in the spaces provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Ordinance.

1. The City's Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Series 2012 Bonds" or "Bonds") are being issued, to provide proceeds, combined with other available funds: (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the existing stormwater utility portion (the "Project") of the City's combined waterworks, sewerage and stormwater utility (the "System"); (ii) to fund a debt service reserve account for the Series 2012 Bonds; and (iii) to pay certain costs of issuance related to the Series 2012 Bonds.

The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Ordinance enacted by the City Council of the City on January 3,

2012 (the "Original Ordinance"), and as supplemented by a Supplemental Parameters Resolution adopted by the City Council of the City on March 6, 2012 (the "Supplemental Resolution" and together with the Original Ordinance, the "Ordinance"). The Bonds shall be secured by the Gross Revenues derived by the City from the operation through the Morgantown Utility Board of the System and the Series 2012 Bonds Sinking Funds and the Series 2012 Bonds Reserve Accounts therein.

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the City, and the City agrees to sell to the Underwriter, the Series 2012 Bonds, at an aggregate purchase price of $2,282,954 ($2,330,000 minus Underwriter's discount of $34,950 and less an original issue discount of $12,096).

The Bonds shall mature on the dates and in the amounts, and shall bear interest from their date (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if the Bonds are called for prior redemption and payment on such date provided therefore, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2013, as more fully described on Exhibit A attached hereto and incorporated herein by reference.

The Underwriter agrees to make a bona fide public offering of the Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Exhibit A, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the City, the City shall deliver or cause to be delivered to the Underwriter an electronic copy of the Official Statement relating to the Bonds, substantially in the form of the Preliminary Official Statement, dated September 21, 2012 (the "Preliminary Official Statement"), and prior to delivery of the Series 2012 Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the City by its Mayor and City Manager as requested below.

3. The Official Statement has been approved for distribution by the Ordinance. The City authorizes the use of copies of the Official Statement and the Ordinance in connection with the public offering and sale of the Bonds.

On September 21, 2012, the City delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the City which deemed the Preliminary Official Statement "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The City shall deliver or cause to be

delivered to the Underwriter, after the acceptance by the City of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the City in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The City covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the City has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the City so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the City will furnish such information with respect to itself as the Underwriter from time to time reasonably requests. The Underwriter hereby agrees that it will deposit or cause to be deposited with the Municipal Securities Rulemaking Board a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the City that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the City from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on October 5, 2012, or such other dates as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the City will deliver or cause to be delivered to the Underwriter, (a) the Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the City and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to

the Underwriter the other documents required in this Purchase Agreement and by the Ordinance. Upon such delivery of the Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Depository Bank, for the account of the City. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Bonds shall be made available to the Underwriter at DTC at least forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on October 3, 2012. The City has a Blanket DTC Letter of Representations.

5. The City represents and warrants to the Underwriter and agrees that:

(a) The City is a municipal corporation and political subdivision of the State of West Virginia in Monongalia County of said State. The Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically, Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act");

(b) The City shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

(c) The City has full legal right, power and authority to issue bonds for purposes provided in the Ordinance and to enter into this Purchase Agreement, to enact the Ordinance and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The information contained in the Preliminary Official Statement dated September 21, 2012, and in the Official Statement, is and, as of the Closing Date (as hereinafter defined), will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(e) At the time of the City's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the respective series of Bonds (as determined in accordance with subparagraph (i) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the City and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(h) Prior to the City's acceptance hereof, the City delivered to the Underwriter copies of the Preliminary Official Statement which the City deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (h) the City shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (e);

(i) For purposes of this Purchase Agreement, the End of the Underwriting Period for the respective series of Bonds shall mean the earlier of (a) the day of the Closing unless the City has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the End of the Underwriting Period for the respective series of Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the City by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the City pursuant to clause (a) above that the End of the Underwriting Period for the respective series of Bonds will not occur on the day of the Closing, the Underwriter agrees to notify

the City in writing as soon as practicable following the "end of the underwriting period" for the respective series of Bonds for all purposes of the Rule;

(j) At or prior to the Closing, the City shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(k) The City has duly authorized all necessary action to be taken by it for: (1) the issuance and sale of the Bonds upon the terms set forth herein, in the Ordinance and in the Official Statement; (2) the execution and delivery of the Ordinance and the Undertaking; (3) the approval of the Official Statement and the execution, distribution and delivery of the Official Statement by the Mayor and City Manager of the City; (4) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (5) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Ordinance and the Official Statement;

(l) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the City payable solely from the Gross Revenues of the System and moneys pledged therefor under the Ordinance and will be entitled to the benefit of the Ordinance. Neither the credit nor the taxing power of the City shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of, premium, if any, or the interest on the Bonds;

(m) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the City (or, to our knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, the Undertaking, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Bonds, the Ordinance, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(n) The execution and delivery of the Official Statement, this Purchase Agreement, the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict

with or constitute on the City's part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the City is subject or by which the City is or may be bound, and to our knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(o) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon;

(p) All financial statements of the City included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the financial condition of the City's System as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt of the City or any material adverse change in the general affairs, management, financial position, or results of operations of the City's System and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System by the City, except as reflected in or contemplated by the Official Statement; and

(q) Any certificate signed by the Mayor and/or City Manager of the City or any of the City's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the City contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the City, and that any obligation or liability of the City hereunder or under the Ordinance will be payable solely out of the Gross Revenues and other income, charges and moneys derived by the City from, or in connection with the System, nor shall any member, official or employee of the City be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the City made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of the Closing, the Ordinance and the Undertaking, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and

shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter;

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Bonds (such cancellation shall not constitute a default hereunder) by notifying the City in writing of their election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation that shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, that shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service that shall be made or proposed, could, in the Underwriter's reasonable opinion, materially adversely affect the market price of the Bonds;

(ii) Any legislation, ordinance, rule or regulation that shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia that shall have been rendered could, in the Underwriter's reasonable opinion, materially adversely affect the market price of the Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Bonds or similar obligations any material restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Bonds;

(vii) The marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets;

(viii) There shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the City's obligations; or

(ix) There shall have been any materially adverse change in the affairs of the City; and

(c) At or prior to the Closing, the Underwriter and the City shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(i) An opinion, dated the date of the Closing and addressed to the City and the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, in substantially the form attached as Appendix D to the Official Statement;

(ii) A supplemental bond counsel opinion, dated the date of the Closing and addressed to the Underwriter, of Steptoe & Johnson PLLC, Bond Counsel, to the effect that (i) this Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of the City; (ii) the Bonds are not subject to the registration requirements of the Securities Act

of 1933, as amended, and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; (iii) the statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption; and (iv) the statements contained in the Official Statement under the captions "Security for the Bonds," "The Bonds" (except for the statements referred to therein under "Appendix F - Book-Entry Only System" with respect to The Depository Trust Company), "Financing Plan," "Prior Debt Service Reserve Accounts," "Appendix D – Form of Bond Counsel Opinion" and "Appendix E – The Ordinance as Supplemented and Amended," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein;

(iii) An opinion, dated the date of Closing and addressed to the Underwriter, of Stephen R. Fanok, Esquire, counsel for the City, to the effect that (i) the City has complied with all requirements of the Act that must be satisfied in connection with the issuance of the Bonds, (ii) any requirement as to legal matters as the Underwriter shall reasonably require, (iii) no litigation is pending, or to his knowledge, threatened in any court in any way affecting the existence of the City or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the City pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Ordinance or this Purchase Agreement, or contesting the powers of the State with respect to the Bonds, the Ordinance or this Purchase Agreement or any transaction described in or contemplated by the Official Statement, (iv) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the City of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the City, in light of the circumstances under which they were made, not misleading, and (v) the statements contained in the Official Statement under the captions "The Series 2012 C Bonds," "Security for the Series 2012 C Bonds," "The City," "Prior Debt Service Reserve Accounts," "Litigation," "Financing Plan," "Appendix A – The City of Morgantown and Monongalia County" and "Appendix B – The System," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and relating to the City and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein;

(iv) An opinion dated the date of Closing and addressed to the Underwriter of Steptoe & Johnson PLLC, counsel for the Morgantown Utility Board ("Utility Board"), to the effect that (i) no litigation is pending, or to their knowledge, threatened in any court in any way affecting the existence of the Utility Board or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the collection of revenues and assets of the Utility Board pledged or to be pledged to pay the principal of and interest on the

Series 2012 Bonds, or the pledge thereof or any transaction described in or contemplated by the Official Statement, (ii) that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains no untrue statement regarding the Utility Board of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein regarding the Utility Board, in light of the circumstances under which they were made, not misleading, (iii) the statements contained in the Official Statement under the captions "Financing Plan," "The Morgantown Utility Board," "Litigation" and "Appendix B – The System," insofar as such statements contained under such captions relating to the Utility Board or purport to summarize certain matters set forth therein and certain provisions of the Ordinance, are accurate and present a fair summary of the matters referred to therein, and (iv) any requirement as to legal matters as the Underwriter shall reasonably require;

(v) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Series 2012 Bonds;

(vi) An opinion, dated the date of the Closing and addressed to the Underwriter, of Jackson Kelly PLLC, Underwriter's Counsel, to the effect that (i) this Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the other parties and that it is a binding agreement of the other parties in accordance with its terms) constitutes a binding agreement in accordance with its terms of, the Underwriter; (ii) the Continuing Disclosure Agreement complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule; and (iii) that nothing has come to our attention that would lead us to believe that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vii) A certificate, satisfactory to the Underwriter, of the Mayor and/or City Manager of the City or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the collection of the Gross Revenues, the pledge of the Gross Revenues to the Bonds, the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the Ordinance, (iv) the execution, delivery, receipt and due performance of the Bonds, the Undertaking, the Ordinance and the other agreements contemplated hereby and by

the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound, and (v) you are in compliance with all covenants in your outstanding resolutions which authorized bonds secured by the Gross Revenues of the System;

(viii) Copies of this Purchase Agreement executed by the parties thereto;

(ix) Duly authorized and executed copies of the Undertaking, in substantially the form attached as Appendix G to the Official Statement and incorporated herein, which complies with the provisions of Rule 15c2-12(b)(5) in form and substance satisfactory to the Underwriter;

(x) A certificate of the City executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the City is obligated by such Undertaking and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(xi) A certificate from Perry and Associates, Certified Public Accountants, A.C., that the City has Gross Revenues sufficient to meet the rate coverage requirements of the Ordinance and meet the additional parity bonds test of each of the Prior Ordinances;

(xii) A Certificate of the Registrar to the effect that all conditions precedent contained in the Ordinance for the issuance of the Bonds have been met, and are entitled to the benefit and security of the Ordinance;

(xiii) The Ordinance, certified by the City Clerk under the seal of the City, as having been duly adopted by the City and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(xiv) A tax and arbitrage certificate of the City;

(xv) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G for the Series 2012 Bonds;

(xvi) Evidence that the City has adopted a formal post issuance policy sufficient to allow the City to check Boxes 43 and 44 on Form 8038-G;

(xvii) The parity consent of the holders of the Prior Bonds to the issuance of the Bonds; except the Series 2010 A Bonds and Series 2010 F Bonds, which do not require consent for the issuance of parity bonds;

(xviii) Evidence of fully funded reserve funds or sureties in an amount equal to the Reserve Requirement for the Series 2012 Bonds and the Prior Bonds; except the Series 2010 A Bonds, the reserve account for which is being funded over 10 years, and the Series 2012 B Bonds, which do not have a Reserve Requirement; and

(xix) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or their counsel, Jackson Kelly PLLC, reasonably may deem necessary or advisable to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the date of the Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and to Jackson Kelly PLLC, counsel to the Underwriter.

If the City shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter and the City shall not have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Bonds are issued, the City shall pay or cause to be paid from the proceeds of the Series 2012 Bonds or other funds of the City, any fees and expenses incident to the performance of the City's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing, issuance and delivery of the Series 2012 Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel; (iv) all advertising expenses in connection with the public offering of the Bonds; (v) the fees and disbursements of the Registrar including legal fees of legal counsel, if any; (vi) the fees and expenses of Counsel to the City, the Utility Board and to the Underwriter; (vii) the fees and expenses of the

accountant; and (viii) all other expenses and costs (including the fees and expenses of the City) for the authorization, issuance, sale and distribution of the Bonds.

8. The Underwriter shall pay from the underwriting spread all expenses incurred by it in connection with its public offering and distribution of the Bonds, including all out-of-pocket expenses, travel and other expenses and filing fees.

9. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Bonds, are offering the Bonds which constitute the whole or a part of their unsold participations, the City will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of the Counsel to the City, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the City. For the purposes of this paragraph, the City will furnish such information with respect to themselves as the Underwriter from time to time may request.

10. Neither the officials of the City nor its employees shall be personally liable for breach of any representation, agreement or warranty made by the City within this Purchase Agreement.

11. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the City:

The City of Morgantown
389 Spruce Street

Morgantown, WV 26505
Attention: City Manager

To the Underwriter:

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

12. This Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the City in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Bonds.

13. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

14. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the City. This Purchase Agreement shall become legally effective upon its acceptance by the City, as evidenced by the signature of the Mayor and City Manager of the City in the space provided hereinafter therefor.

Crews & Associates, Inc.

By:_____
Its: Vice President

ACCEPTED AND APPROVED:

The City of Morgantown, West Virginia

By:_____
Its: Mayor

By:_____
Its: City Manager

EXHIBIT A

Series 2012 C Bonds

$280,000 1.50% Term Bonds, Due October 1, 2015 at 100.000%
$190,000 2.00% Term Bonds, Due October 1, 2017 at 100.000%
$200,000 2.50% Term Bonds, Due October 1, 2019 at 100.000%
$325,000 3.00% Term Bonds, Due October 1, 2022 at 100.000%
$355,000 3.25% Term Bonds, Due October 1, 2025 at 100.000%
$255,000 3.50% Term Bonds, Due October 1, 2027 at 100.000%
$275,000 4.00% Term Bonds, Due October 1, 2029 at 100.000%
$450,000 4.00% Term Bonds, Due October 1, 2032 at 97.312%

Optional Redemption

The Series 2012 C Bonds are subject to optional redemption prior to maturity, at the option of the City, in whole or in part at any time on and after October 1, 2017, in any order of maturities directed by the City, at a redemption price equal to par, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The Series 2012 C Bonds are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing 2015

Year (October 1)	Principal Amount
2013	$90,000
2014	$95,000
2015*	$95,000

Bonds Maturing 2017

Year (October 1)	Principal Amount
2016	$95,000
2017*	$95,000

*Final Maturity

Bonds Maturing 2019

Year (October 1)	Principal Amount
2018	$100,000
2019*	$100,000

Bonds Maturing 2022

Year (October 1)	Principal Amount
2020	$105,000
2021	$110,000
2022*	$110,000

Bonds Maturing 2025

Year (October 1)	Principal Amount
2023	$115,000
2024	$120,000
2025*	$120,000

Bonds Maturing 2027

Year (October 1)	Principal Amount
2026	$125,000
2027*	$130,000

Bonds Maturing 2029

Year (October 1)	Principal Amount
2028	$135,000
2029*	$140,000

Bonds Maturing 2032

Year (October 1)	Principal Amount
2030	$145,000
2031	$150,000
2032*	$155,000

If less than all the Series 2012 C Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

*Final Maturity

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is by and between the City of Morgantown (the "Issuer"), and United Bank, Inc. (the "Dissemination Agent"), in connection with the issuance of $2,330,000 City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) (the "Bonds"). The Bonds are being issued pursuant to the Ordinance enacted by the City Council of the City on January 3, 2012 (the "Bond Ordinance"), as supplemented, amended and conformed by a Supplemental Parameters Resolution adopted by the City Council of the City on March 6, 2012 (the "Supplemental Resolution" and together with the Bond Ordinance as conformed, the "Ordinance"). The Issuer and Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of Agreement. The Agreement is being executed and delivered by the Issuer and Dissemination Agent for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance and the Bond Purchase Agreement dated September 26, 2012, which apply to any capitalized term used in the Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating data with respect to the Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the Bonds attached thereto as Appendix C, which Annual Financial Information shall include Audited Financial Statements if available on the Report Date, and, if not then available, unaudited financial statements.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the current Mayor, City Manager, Utility Manager or Finance Director of the Issuer.

"Dissemination Agent" shall initially mean United Bank, Inc., or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access System described in the 1934 Act Release No. 59062 and maintained by the Municipal Securities Rulemaking Board for purposes of the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of the Agreement.

"National Repository" shall mean the Municipal Securities Rulemaking Board, Washington, D.C., the sole Nationally Recognized Municipal Securities Information Repository for purposes of the Rule, effective as of July 1, 2009.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds who are required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Issuer's fiscal year (presently June 30) (the "Due Date"), commencing with the report for the Fiscal Year ending June 30, 2012, provide to EMMA Annual Financial Information and Audited Financial Statements, which are consistent with the requirements of Section 4 of the Agreement. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of the Agreement. The Issuer shall provide the Dissemination Agent with a copy of each report filed under the Agreement. If the Issuer's fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Dissemination Agent shall send written notice to the Issuer thirty (30) days prior to the Due Date of the Annual Financial Information and Audited Financial Statements that such information is due by the Due Date.

(b) Not later than fifteen (15) Business Days prior to the Due Date, the Issuer shall provide the Annual Financial Information and Audited Financial Statements to the Dissemination Agent. If by the Due Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b). If the Dissemination Agent is unable to provide to EMMA its Annual Financial Information and Audited Financial Statements by the

date required in subsection (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information and Audited Financial Statements have been provided to EMMA pursuant to the Agreement and the date provided.

SECTION 4. Content of Annual Financial Information. Within 270 days of the Issuer's 2012 fiscal year-end, and each subsequent fiscal year, the Dissemination Agent shall submit to EMMA information and data of the Issuer for the prior fiscal year, including the Audited Financial Statements, prepared in accordance with generally accepted accounting principles in effect from time to time.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. modifications to rights of security holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the Issuer[1];

13. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action; or the termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws, in any event such determination must be made and submitted to the Dissemination Agent within two (2) business days.

---

[1] For the purposes of the event identified in Section 5(a)(12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(d) If the Issuer determines that knowledge of the occurrence of any of the Listed Events, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would be material under applicable federal securities laws pursuant to subsection (b) or the Issuer received notice of any Listed Event that does not require a finding of materiality classified under Section 5(a) (1), (3), (4), (5), (6), (9), (11) or (12), the Issuer shall promptly file with the Dissemination Agent a notice of such occurrence to be provided to EMMA.

(e) If in response to a request under subsection (b), the Issuer determines that the Listed Event, classified under Section 5(a) (2), (7), (8), (10), (13) or (14), would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA with a copy to the Issuer. The Dissemination Agent must file such notice with EMMA within ten (10) business days of the occurrence of such Listed Event.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under the Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. United Bank, Inc., is hereby appointed as Dissemination Agent. The Issuer may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to the Agreement.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of the Agreement, the Issuer may amend the Agreement, and any provision of the Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Ordinance for amendments to the Ordinance with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Agreement, the Issuer shall describe such amendment in the next Annual Financial Information and Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Financial Information and Audited Financial Statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events, in addition to that which is required by the Agreement. If the Issuer chooses to include any information in any Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events in addition to that which is specifically required by the Agreement, the Issuer shall have no obligation under the Agreement to update such information or include it in any future Annual Financial Information and Audited Financial Statements or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer or Dissemination Agent to comply with any provision of the Agreement (and, at the request of the Original Purchasers), the Dissemination Agent or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Dissemination Agent to comply with its obligations under the Agreement. A default under the Agreement shall not be deemed an Event of Default under the Ordinance, and the sole remedy under the Agreement in the event of any failure of the Issuer or Dissemination Agent to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination. The Dissemination Agent shall have only such duties as are specifically set forth in the Agreement, and the Issuer agrees to the extent allowed by State law to indemnify and hold the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties

hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to the Agreement may be given as follows:

To the Issuer:	City of Morgantown, West Virginia City Hall 389 Spruce Street Morgantown, WV 26505 Attention: City Manager
To the Dissemination Agent:	United Bank, Inc. 500 Virginia Street, East Charleston, WV 25301 Attention: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. The Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. The Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Fees. The Issuer agrees to pay all fees and expenses of the Dissemination Agent including, without limitation, all reasonable expenses, charges, costs, attorney's fees and other disbursements in the administration and performance of the Dissemination Agent's duties.

SECTION 16. Right to Resign. The Dissemination Agent may resign at any time by providing thirty (30) days' written notice to the Issuer.

SECTION 17. Right to Counsel. The Dissemination Agent shall have the right to consult with counsel in carrying out its duties under the Agreement and to rely upon an opinion of counsel.

Date: October 5, 2012

CITY OF MORGANTOWN

By: _____
Its: Mayor

UNITED BANK, INCORPORATED,
as Dissemination Agent

By: _____

Its: Vice Pres

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Morgantown (West Virginia)

Name of Issue: $2,330,000 City of Morgantown (West Virginia) Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

Date of Issuance: October 5, 2012

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

CITY OF MORGANTOWN

By: _____
Its: Mayor

By: _____
Its: City Manager

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer]

CITY OF MORGANTOWN

[Name of Issuer]

December 12, 2006

[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 50th Floor]
[For Corporate Issues:
General Counsel's Office; 49th Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

CITY OF MORGANTOWN

(Issuer)

By: _____

(Authorized Officer's Signature)

Dan Boroff, City Manager

(Print Name)

389 Spruce Street

(Street Address)

Morgantown, West Virginia, USA, 26505

(City) (State) (Country) (Zip Code)

(304) 284-7405

(Phone Number)

dboroff@cityofmorgantown.org

(E-mail Address)

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

By _____

DTCC

The Depository Trust & Clearing Corporation

[2/02]

WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service 1974 - 2012

October 5, 2012

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

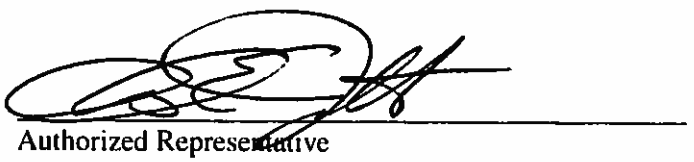
CONSENT

In reliance upon the certificate of Perry & Associates, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity tests have been met and that the respective reserve accounts for the Prior Bonds are funded in accordance with the Prior Ordinances (copies attached) the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), registered owner of the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2012 A Bonds and Series 2012 B Bonds as hereinafter defined, hereby consents to the issuance of the Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified), in the original aggregate principal amount of $2,330,000 (the "Series 2012 C Bonds") by The City of Morgantown (the "Issuer"), under the terms of the Bond Legislation authorizing the Series 2012 C Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (1) Combined Utility 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 Utility 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 Utility 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"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility 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 "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined

180 Association Drive, Charleston, WV 25311-1217
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"); (14) Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $570,000 (the "Series 2012 A Bonds"); and (15) Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), dated August 24, 2012, issued in the original aggregate principal amount of $444,835 (the "Series 2012 B Bonds"), (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY



Authorized Representative

627490.00044

THE CITY OF MORGANTOWN (WEST VIRGINIA)

The City of Morgantown (West Virginia)
$2,330,000 Combined Utility System Revenue Bonds, Series 2012 C
(Bank Qualified)

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 5th day of October, 2012, by and between THE CITY OF MORGANTOWN, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,330,000 aggregate principal amount of Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified) in fully registered form (the "Bonds"), pursuant to a Bond Ordinance enacted January 3, 2012 as supplemented by Supplemental Resolution adopted March 6, 2012 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this 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 Agreement does appoint the Bank 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 Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the excludability from gross income of interest on the Bonds for purposes of 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 Bank 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 Bank'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 Bank 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 Agreement, the Issuer hereby agrees to pay to the Bank, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this 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 Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this 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 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: United Bank, Inc.
500 Virginia Street
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

UNITED BANK, INC.

By: _____
Its: Authorized Officer

627490.00044

FEE SCHEDULE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

RECEIVED
526 OCT 19 2012 OSC
OGDEN, UT

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from serv. 7009 2820 0004 3894 7281

627490.00044

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7009 2820 0004 3894 7281

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6.80

Postmark Here

Sent
To Internal Revenue Service 627490.00044
Street or P Internal Revenue Service Center
City, Ogden, Utah 84201 Brandy

PS Form 3800, August 2006 See Reverse for Instructions

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information
(304) 353-8196
(304) 353-8181 Fax
John.Stump@steptoe-johnson.com

October 9, 2012

The City of Morgantown
Combined Utility System Revenue Bonds, Series 2012 C

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed envelope.

Thank you for your attention to this letter. If you have any questions regarding any of the issues set forth herein, or if I can be of any service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/bsl
Enclosure

627490.00044

TERRALEX®

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name
The City of Morgantown

2 Issuer's employer identification number (EIN)
55-6000215

3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)

3b Telephone number of other person shown on 3a

4 Number and street (or P.O. box if mail is not delivered to street address) | Room/suite
389 Spruce Street

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Morgantown, West Virginia 26505

7 Date of issue
10/05/2012

8 Name of issue
Combined Utility System Revenue Bonds, Series 2012 C

9 CUSIP number
61759C AV0

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Jim Manilla, Mayor

10b Telephone number of officer or other employee shown on 10a
304.284.7405

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15	2,330,000	00
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶	18		
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/01/2032	$ 2,317,904.00	$ 2,330,000.00	4.588 years	3.3526 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	.	
23	Issue price of entire issue (enter amount from line 21, column (b))			23	2,317,904	00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	101,841 50			
25	Proceeds used for credit enhancement	25				
26	Proceeds allocated to reasonably required reserve or replacement fund	26	166,062 50			
27	Proceeds used to currently refund prior issues	27				
28	Proceeds used to advance refund prior issues	28				
29	Total (add lines 24 through 28)			29	267,904	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	2,050,000	00

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

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

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. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative — Date: 10/05/2012 — Jim Manilla, Mayor (Type or print name and title)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
John C. Stump, Esquire		10/05/2012		P01236822

Firm's name ▶ Steptoe & Johnson PLLC — Firm's EIN ▶ 55-0286140

Firm's address ▶ PO Box 1588 Charleston, WV 25326 — Phone no. 304.353.8000

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 5-Oct-12

ISSUE: The City of Morgantown
Combined Utility System Revenue Bonds, Series 2012 C (Bank Qualified)

ADDRESS: 389 Spruce Street, Morgantown, WV 26505 COUNTY: Monongalia

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 5-Oct-12 CLOSING DATE: 5-Oct-12

ISSUE AMOUNT: $2,330,000.00 RATE: 1.5%-4.0%

1ST DEBT SERVICE DUE: 1-Apr-13 1ST PRINCIPAL DUE: 1-Oct-13

1ST DEBT SERVICE AMOUNT see DSS PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: United Bank, Inc
Contact: Kathy Smith
Phone: 304.348.8427

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Jim Manilla
Position: Mayor
Phone: 304.284.7405

OTHER:
Agency: Underwriter - Crews & Associates
Contact: Greg Isaacs
Position: Senior Managing Director
Phone: 304.344.1733

DEPOSITS TO MBC AT CLOSE

By:			
x	Wire	Accrued Interest:	$
	Check	Capitalized Interest:	$
x		Reserve Account:	$ 166,062.50
		Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:			
	Wire	To Escrow Trustee	$
	Check	To Issuer	$
	IGT	To Cons. Invest. Fund	$
		To Other:	$

NOTES: Series 2012 C Bonds Reserve Account funded with bond proceeds

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

State of West Virginia

Certificate

I, Natalie E. Tennant, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 20 OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

October 2, 2012

Natalie E Tennant

Secretary of State

ARTICLE 20

COMBINED SYSTEMS

Part I—Combined Waterworks and Sewerage Systems Authorized; Definitions.

Section

8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.

8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.

8-20-1b. Cooperation with other governmental units.

8-20-1c. Severance of combined system.

Part II—Right of Eminent Domain.

8-20-2. Right of eminent domain; limitations.

Part III—Revenue Bond Financing.

8-20-3. Ordinance describing project; contents.

8-20-4. Publication of abstract of ordinance and notice; hearing.

8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.

8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.

8-20-7. Lien of bondholders.

8-20-8. Covenants with bondholders.

8-20-9. Operating contract.

8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

8-20-11. Discontinuance of water service for nonpayment of rates or charges.

8-20-11a. Governmental entities subject to established rates.

8-20-12. Use of revenues; sinking fund.

8-20-13. System of accounts; audit.

8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.

8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Part IV—Grants, Loans and Advances; Cumulative Authority.

8-20-16. Grants, loans and advances.

8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

Part V—Operation by Board; Construction.

8-20-18. Alternative procedure for acquisition, construction, etc., of combined system.

8-20-19. Article to be liberally construed.

PART I—COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS

§ 8–20–1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions

Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks and sewerage system either wholly within or partly within and partly without the corporate limits thereof, under the provisions of this article, and any municipality owning and operating either a waterworks or a sewerage system, but not both, may acquire, construct, establish and equip the waterworks or sewerage system which it does not then own and operate, and in either of such cases such municipality may provide by ordinance that when such waterworks or sewerage system, or both, shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system and an existing sewerage system may by ordinance combine the same into a single undertaking under the provisions of this article.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, and may finance the acquisition, construction, establishment and equipment of any such waterworks or sewerage system, or both, or the construction of extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of such combined waterworks and sewerage system, or both, by the issuance of revenue bonds under the provisions of this article.

Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with the water or sewer services and facilities, or both, of its combined waterworks and sewerage system: Provided, That such water or sewer services and facilities shall not be served or supplied within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus, and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system; the term "sewerage system" shall be construed to mean and include any or all of the following: A sewage treatment plant or plants, collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, conve-

nient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes; and the term "combined waterworks and sewerage system" shall be construed to mean and include a waterworks and sewerage system, which a municipality determines by ordinance to operate in combination.

Acts 1939, c. 98, §§ 1, 2; Acts 1947, c. 112; Acts 1955, c. 131; Acts 1969, c. 86.

Cross References

County commissions, waterworks, see § 7-1-3a.
Creation by charter provision of certain independent city boards, home rule powers for cities, see § 8-12-3.
General powers of every municipality and its governing body, see § 8-12-5.
Sewage, stormwater systems, see § 16-13-1.

Administrative Code References

Water rationing, emergency, see W. Va. Code St. R. § 150-20-2.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

United States Code Annotated

Transfer to municipal corporations, federal works supplying water, see 43 U.S.C.A. § 499b.

Notes of Decisions

New and annexed tracts 1

1. New and annexed tracts

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16-13A-8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1); Water Law ⇐ 2037

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16-13A-8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1); Water Law ⇐ 2037; Water Law ⇐ 2110

Awarding sewer and water service rights in newly developed tract to city, rather than to sewer and water districts, could reasonably be expected to provide appropriate protection to the relevant public interests, both existing and foreseeable. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⇐ 712(1); Water Law ⇐ 2037

§ 8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions

(a) Any municipality may acquire, construct, establish and equip and thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system either wholly within or partly within and partly without the corporate limits thereof under the provisions of this article, and any municipali-

ty owning and operating a waterworks and sewerage system, but not a stormwater system, may acquire, construct, establish and equip the stormwater system which it does not then own and operate, and such municipality may provide by ordinance that when such stormwater system shall have been acquired, constructed, established and equipped, the same shall thereafter be owned, repaired, maintained and operated as a combined undertaking under the provisions of this article, and any municipality already owning and operating an existing waterworks system, sewerage system, and stormwater system, may by ordinance combine the same into a single undertaking under the provisions of this article. However, no municipality may acquire, construct, establish and equip or thereafter repair, maintain and operate a combined waterworks, sewerage and stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) Any municipality which has combined its waterworks, sewerage system and stormwater systems under the provisions of this article, or pursuant to the provisions of any other law, may hereafter construct extensions, additions, betterments and improvements to any of the systems, any combination thereof, or all of the waterworks, sewerage and stormwater systems of said combined waterworks, sewerage and stormwater system, and may finance the acquisition, construction, establishment and equipment thereof, or the construction or extensions, additions, betterments and improvements thereof by the issuance of revenue bonds under the provisions of this article.

(c) Notwithstanding the provisions of any other law or charter to the contrary, any such municipality may serve and supply the area included within twenty miles outside its corporate limits with either the water, sewer or stormwater services, any combination of such services or all such services, of its combined waterworks, sewerage and stormwater system; provided that such water, sewer or stormwater services and facilities shall not be served or supplied within the corporate limits of any municipality without the consent of the governing body of such municipality: Provided, That for stormwater systems, within the twenty miles beyond the municipality's corporate limits the only areas the municipality may serve and supply shall be those areas from which stormwater affects or drains into the municipality.

(d) As used in this article, the following terms shall have the following meanings unless the text clearly indicates otherwise.

(1) "Stormwater system" means a stormwater system in its entirety or any integral part thereof used to collect and dispose of stormwater and an associated stormwater management program. It includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet, including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage ways, easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations. The term

"stormwater system" shall not include highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(2) "Combined waterworks, sewerage and stormwater system" means a waterworks, sewerage and stormwater system which a municipality determines by ordinance to operate in combination.

(3) "Combined system" means either a combined waterworks, sewerage and stormwater system, or a combined waterworks and sewerage system.

(4) "Stormwater management program" means those activities associated with the management, operation and maintenance and control of stormwater and stormwater systems, and shall include and not be limited to public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law. The term "stormwater management program" shall not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1976, c. 83; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 8–20–1b. Cooperation with other governmental units

In carrying out any lawful purpose prescribed by this article, any municipality may, in the exercise of its powers, duties and responsibilities, cooperate or join with the state of West Virginia or any political subdivision, agency, board, commission, office or department thereof, however designated, or with the United States of America or any agency or department thereof.

Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

§ 8–20–1c. Severance of combined system

Any municipality which has combined its waterworks and sewerage systems or waterworks, sewerage and stormwater systems, under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined system into separate systems.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined system, or any part thereof, are outstanding, then the municipality must provide in said ordinance that the severance of the combined system is not effective until all such outstanding revenue bonds or

notes or other obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of the committee, board or commission, and the creation of other committees, boards or commissions as may be required by law.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨708.
Water Law ⇨1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

PART II—RIGHT OF EMINENT DOMAIN

§ 8–20–2. Right of eminent domain; limitations

For the purpose of acquiring, constructing, establishing or extending any system within a combined system, or a combined system, or for the purpose of constructing any additions, betterments or improvements to any system within a combined system, or a combined system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any system within a combined system, or combined system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system may not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of the municipality a municipal waterworks system or a combined system under the provisions of this article to supply service in competition with an

existing privately or municipally owned waterworks system or combined system in the municipality or within the proposed extension of the system, unless, except in the case of a stormwater system, a certificate of public convenience and necessity therefor shall have been issued by the public service commission: Provided, however, that the power of eminent domain provided in this section shall not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Eminent Domain ⇨28, 32.
Westlaw Topic No. 148.
C.J.S. Eminent Domain §§ 35, 40 to 41.

PART III—REVENUE BOND FINANCING

§ 8–20–3. Ordinance describing project; contents

The governing body of any municipality availing itself of the provisions of this article shall adopt an ordinance describing in a general way the contemplated project. If it is intended to include in the combined system any existing waterworks system or any existing sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall provide that it or they be so included in the combined system and shall describe in a general way such existing waterworks or sewerage system or both, or, if applicable, any existing stormwater system, or any of them, or all of them, to be included in the combined system. The ordinance shall state the means provided for refunding any obligations unpaid and outstanding payable solely from the revenues of any such waterworks or sewerage system, or both, or if applicable, any existing stormwater system, or any of them, or all of them. The ordinance shall determine the period of usefulness of the contemplated project.

If it is intended to acquire, construct, establish and equip a combined system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of the combined system, or both, or if applicable, any existing stormwater system, or any of them, or all of them, the ordinance shall describe in a general way the works or property or system to be acquired, constructed, established or equipped or the extensions, additions, betterments and improvements to be constructed.

The ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with the bonds considered advisable. The ordinance may state that the bonds, or such ones thereof as may be specified, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to principal and

interest and the security thereof, to such other bonds as are designated in the ordinance.

Acts 1939, c. 98, § 4; Acts 1947, c. 112; Acts 1949, c. 91; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨300.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 991 to 1007.

§ 8–20–4. Publication of abstract of ordinance and notice; hearing

After the ordinance for any project under the provisions of this article has been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three, chapter fifty-nine of this code, and the publication area for such publication shall be such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests and that a certified copy of the ordinance is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, That if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto.

Acts 1939, c. 98, § 5; Acts 1947, c. 112; Acts 1967, c. 105; Acts 1969, c. 86; Acts 1971, c. 103; Acts 1981, 1st Ex. Sess., c. 2.

Library References

Municipal Corporations ⇨294(7).
Westlaw Topic No. 268.
C.J.S. Municipal Corporations §§ 979, 981.

§ 8–20–5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds

For the purpose of defraying the cost of acquisition, construction, establishment or equipment of any system within a combined system, or a combined system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to any of the systems of said combined system, or all of them, any such municipality may issue revenue bonds under the provisions of this article.

All such bonds may be authorized, issued and sold pursuant to ordinance in installments at different times or an entire issue or series may be sold at one time. Such bonds shall bear interest at a rate not to exceed twelve percent per annum, payable at such times, and shall mature within the period of usefulness of the project involved, to be determined by the governing body and in any event within a period of not more than forty years. The bonds may be in denomination or denominations, may be in such form, either coupon or registered, may carry registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment, at such place or places, may be subject to terms of redemption, with or without a premium, may be declared to become due before the maturity date thereof, may provide for the replacement of mutilated, destroyed, stolen or lost bonds, may be authenticated in such manner and upon compliance with such conditions, and may contain other terms and covenants, as may be provided by ordinance of the governing body of the municipality. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes.

The bonds and the interest thereon, together with all properties and facilities of the municipality owned or used in connection with the combined system, and all the moneys, revenues and other income of such municipality derived from the combined system shall be exempt from all taxation by this state or any county, municipality, political subdivision or agency thereof. Bonds may be sold in such manner as the governing body shall determine. If any bonds shall be issued to bear interest at a rate of twelve percent per annum, the price at which they may be sold shall be such that the interest cost to the municipality of the proceeds of the bonds may not exceed thirteen percent per annum computed to maturity according to the standard table of bond values.

If the governing body of the municipality determines to sell any revenue bonds of such combined system for refunding purposes, the proceeds of the bonds shall be deposited at the place of payment of the bonds, obligations or securities being refunded thereby.

In case any officer whose signature appears on the bonds or coupons attached thereto shall cease to be such officer before the delivery of the bonds to the purchaser, such signature shall nevertheless be valid and sufficient for all purposes, with the same effect as if he or she had remained in office until the delivery of the bonds. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. The bonds shall have all the qualities of negotiable instruments under the laws of this state.

Whenever a waterworks and sewerage system or stormwater system, if applicable, is included in a combined system under the provisions of this article and there are unpaid and outstanding revenue bonds or any other obligations or securities previously issued which are payable solely from the revenues of the waterworks or the sewerage system or stormwater system, if applicable, or any part thereof, such outstanding bonds, obligations or securities may be

refunded by the issuance and sale or exchange therefor of revenue bonds to be issued under the provisions of this article.

Whenever any outstanding bonds, obligations or securities previously issued which are payable solely from the revenues of any waterworks or sewerage system, or stormwater system, if applicable, included in a combined system under the provisions of this article are refunded and the refunding is to be accomplished by exchange, such outstanding bonds, obligations or securities shall be surrendered and exchanged for revenue bonds of such combined system of a total principal amount which shall not be more and may be less than the principal amount of the bonds, obligations or securities surrendered and exchanged plus the interest to accrue thereon to the date of surrender and exchange, and if the refunding is to be accomplished through the sale of revenue bonds of such combined system the total principal amount of such revenue bonds which may be sold for refunding purposes shall not exceed the principal amount of the bonds, obligations or securities being refunded plus the interest to accrue thereon to the retirement date or the next succeeding interest payment date, whichever date may be earlier.

Provision may be made that each bond to be exchanged for refunding bonds shall be kept intact and shall not be canceled or destroyed until the refunding bonds, and interest thereon, have been finally paid and discharged, but each bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article.

Acts 1939, c. 98, § 3; Acts 1947, c. 112; Acts 1957, c. 123; Acts 1969, c. 86; Acts 1970, c. 7; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨911, 922.
Taxation ⇨2316.
Westlaw Topic Nos. 268, 371.

C.J.S. Municipal Corporations §§ 1647 to 1649, 1684 to 1693, 1697 to 1698.
C.J.S. Taxation § 304.

§ 8–20–6. Bonds payable solely from revenues; not to constitute municipal indebtedness

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from the combined system, and the bonds may not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of the municipality within any constitutional or statutory provision or limitation. The ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be considered necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued.

Acts 1939, c. 98, § 6; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8–20–7. Lien of bondholders

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined system which shall exist in favor of the holder of bonds hereby authorized to be issued, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such combined system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds. However, no lien may attach to any portion of any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

Any municipality in acquiring an existing waterworks system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section five hereof. Any revenue bonds so issued in payment for an existing waterworks system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨950(15). Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8–20–8. Covenants with bondholders

Any ordinance authorizing the issuance of bonds hereunder, or any trust indenture with any banking institution or trust company, within or without the state, for the security of said bonds, which any municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of the bonds as to:

(a) The purpose or purposes to which the proceeds of sale of bonds or the revenues derived from said combined system may be applied and the securing, use and disposition thereof, including, if considered desirable, the appointment of a trustee or depository for any of the funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined system, including any part thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for reserve or other funds as may be considered necessary or desirable;

(c) The fixing, establishing and collecting of rates, fees or charges for the use of the services and facilities of the combined system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended, equipped, added to, bettered or improved and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such combined system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such combined system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined system, and the rank or priority, as to lien and source and security for payment from the revenues of such combined system, between bonds payable from the revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which defaults may be declared cured and the acceleration of the maturity of the bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined system and restrictions and limitations upon expenditures for the purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of the budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon the combined system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertaking and the audit and inspection thereof, and the furnishing to the holders of bonds issued hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any ordinance or trust indenture may also contain other additional covenants as shall be considered necessary or desirable for the security of the holders of bonds issued under the provisions of this article, notwithstanding that other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and

authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the constitution of this state.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐950(15).
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1708 to 1709.

§ 8–20–9. Operating contract

Any municipality may enter into contracts or agreements with any persons for: (1) The repair, maintenance and operation and management of the facilities and properties of the combined system, or any part thereof; or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for the period of time and under terms and conditions as shall be agreed upon between the municipality and such persons. Any municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing the bonds, that the contracts or agreements shall be valid and binding upon the municipality as long as any of the bonds, or interest thereon, is outstanding and unpaid.

Acts 1955, c. 131; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1879.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 8–20–10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure

(a)(1) The governing body of a municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all necessary rules for the repair, maintenance, operation and management of the combined system of the municipality and for the use thereof. The governing body of a municipality also has the plenary power and authority to make, enact and enforce all necessary rules and ordinances for the care and protection of any such system for the health, comfort and convenience of the public, to provide a clean water supply, to provide properly treated sewage insofar as it is reasonably possible to do and, if applicable, to properly collecting and controlling the stormwater as is reasonably possible to do: *Provided*, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or storm water facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) A municipality has the plenary power and authority to charge the users for the use and service of a combined system and to establish required deposits, rates, fees or charges for such purpose. Separate deposits, rates, fees or charges may be fixed for the water and sewer services respectively and, if applicable, the stormwater services, or combined rates, fees or for the combined water and sewer services, and, if applicable, the storm water services. Such deposits, rates, fees or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined system, provide an adequate reserve fund, an adequate depreciation fund and pay the principal and interest upon all revenue bonds issued under this article. Deposits, rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance. The rates, fees or charges shall be changed, from time to time, as necessary, consistent with the provisions of this article.

(3) All new applicants for service shall indicate to the municipality or governing body whether they are an owner or tenant with respect to the service location. An entity providing stormwater service shall provide a tenant a report of the stormwater fee charged for the entire property and, if appropriate, that portion of the fee to be assessed to the tenant.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of $100 or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water and sewage service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, service may not be reconnected or reinstated by the municipality or governing body until another deposit equal to $100 or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate to be set by the Public Service Commission: *Provided,* That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may terminate water services to a delinquent user of either water or sewage facilities, or both, ten days after the water or sewage services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments: *Provided further,* That any termination of water service must comply with all rules and orders of the Public Service Commission: *Provided however,* That nothing contained within the rules of the Public Service Commission shall be deemed to require any

agents or employees of the municipality or governing body to accept payment at the customer's premises in lieu of discontinuing service for a delinquent bill.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after they become due, the user of the services and facilities provided shall be delinquent and the municipality or governing body may apply any deposit against any delinquent fee. The user is liable until such time as all rates, fees and charges are fully paid.

(c) All rates, fees or charges for water service, sewer service and, if applicable, stormwater service, whenever delinquent, as provided by ordinance of the municipality, shall be liens of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes for the amount thereof upon the real property served. The municipality has the plenary power and authority to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and reasonable attorney's fees: *Provided,* That an owner of real property may not be held liable for the delinquent rates, fees or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates, fees or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the municipality to purchase such services or facilities.

(d) Municipalities are hereby granted a deferral of filing fees or other fees and costs incidental to filing an action in magistrate court for collection of the delinquent rates and charges. If the municipality collects the delinquent account, plus fees and costs, from its customer or other responsible party, the municipality shall pay to the magistrate court the filing fees or other fees and costs which were previously deferred.

(e) No municipality may foreclose upon the premises served by it for delinquent rates, fees or charges for which a lien is authorized by this section except through a civil action in the circuit court of the county wherein the municipality lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the municipality has exhausted all other remedies for collection of debts with respect to such delinquencies prior to bringing the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency has been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought.

(f) Notwithstanding any other provision contained in this article, a municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such

rules, regulations, fines or acts are not contrary to any rules or orders of the Public Service Commission.

(g) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct violation of the municipal stormwater ordinance or regulation, the municipality may correct or have the corrections of the violation made and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

(h) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community shall prepare an annual report detailing the collection and expenditure of rates, fees or charges and make it available for public review at the place of business of the governing body and the stormwater utility main office.

Acts 1939, c. 98, § 7; Acts 1947, c. 112; Acts 1969, c. 86; Acts 1989, c. 133; Acts 1990, c. 140; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2004, c. 185, eff. 90 days after March 12, 2004; Acts 2008, c. 202, eff. March 8, 2008; Acts 2010, c. 201, eff. June 11, 2010.

Library References

Municipal Corporations ⇨708.
Water Law ⇨1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

Research References

ALR Library

54 ALR 6th 201, Municipal Liability for Damage Resulting from Obstruction or Clogging of Drain or Sewer.

Notes of Decisions

Tort liability 1

---

1. Tort liability

A municipal ordinance that is enacted pursuant to the statutory power granted to municipalities to construct, operate, maintain, care for, and protect a sewer system, and that purports to limit, modify, or eliminate tort liabilities and immunities related to that sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Code, 8–20–10, 29–12A–5(a)(16). Calabrese v. City of Charleston, 1999, 515 S.E.2d 814, 204 W.Va. 650. Municipal Corporations ⇨ 70

§ 8–20–11. Discontinuance of water service for nonpayment of rates or charges

Any municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water service of the combined system for the nonpayment of the rates, fees or charges for said water service or sewer

service, or both, or, if applicable, stormwater service, or any combination thereof, or all of them.

Acts 1955, c. 133; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Water Law ⇨2230.
Westlaw Topic No. 405.

§ 8–20–11a. Governmental entities subject to established rates

The municipality and any county government, state government and federal government served by the services of the combined system shall be subject to the same rates, fees or charges established in this article or to rates, fees or charges established in harmony therewith, for service rendered to the governmental entity, and shall pay such rates, fees or charges when due from corporate funds and the same shall be considered to be part of the revenue of the combined system as defined in this article, and be applied as provided in this article, for the application of such revenues. However, no rates, fees or charges for combined services or stormwater services may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

Acts 2001, c. 212, eff. 90 days after April 14, 2001.

§ 8–20–12. Use of revenues; sinking fund

All revenues derived from the operation of any combined system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any bonds are issued shall pledge the revenues derived from the combined system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which the bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof.

Acts 1939, c. 98, § 9; Acts 1969, c. 86; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨951.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

§ 8–20–13. System of accounts; audit

Any municipality operating a combined system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from the combined system and the application of the same. At least once each year the municipality shall cause the accounts to be properly audited, and a report of the audit shall be open to the public for inspection at all reasonable times.

Acts 1939, c. 98, § 10; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇨885.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1628 to 1629.

§ 8–20–14. Repair and maintenance of municipal sewerage system outside corporate limits

Whenever a municipality collects rates or charges from users of any part of a sewerage system located outside the corporate limits of such municipality for sewerage service rendered to such users, pursuant to the provisions of this article or other act or law, such municipality shall be responsible for the repair and maintenance of such sewerage system and the county court of the county or counties in which such sewerage system is located shall not be liable or responsible for the repair and maintenance of such sewerage system.

Acts 1957, c. 127; Acts 1969, c. 86.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Municipal Corporations ⇨708.
Westlaw Topic No. 268.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 8–20–15. Protection and enforcement of rights of bondholders, etc.; receivership

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section seven of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any ordinance or trust indenture to be performed by the municipality or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates, fees or charges for services rendered by the combined system.

If there be default in the payment of the principal of or interest upon any of bonds, or of both principal and interest, any court having jurisdiction shall

appoint a receiver to administer said combined system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates, fees or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and the receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which the bonds have been issued or trust indenture, or both.

Acts 1939, c. 98, § 8; Acts 1947, c. 112; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐955(1)
Westlaw Topic No. 268

PART IV—GRANTS, LOANS AND ADVANCES; CUMULATIVE AUTHORITY

§ 8–20–16. Grants, loans and advances

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of combined systems and the construction of additions, betterments and improvements thereto, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said combined system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article notwithstanding, interest on any loans or temporary advances may be paid from the proceeds thereof until the maturity of the notes or other negotiable instrument.

In no event shall any loan or temporary advance be a general obligation of the municipality and the loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section.

Acts 1961, c. 106; Acts 1969, c. 86; Acts 1981, 1st Ex. Sess., c. 2; Acts 1986, c. 118; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

United States ⇐82(2).
Westlaw Topic No. 393.
C.J.S. United States § 155.

§ 8–20–17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority

This article is, without reference to any other statute or charter provision, full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to the combined system herein provided for and for the issuance and sale of the bonds by this article authorized, and is an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any undertaking or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to any undertaking or to the issuance or sale of such bonds is required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the bureau of public health and the division of environmental protection remain unaffected by this article: Provided, however, that no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto.

Acts 1933, Ex. Sess., c. 26, § 13; Acts 1969, c. 86; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

PART V—OPERATION BY BOARD; CONSTRUCTION

§ 8–20–18. Alternative procedure for acquisition, construction, etc., of combined system

(a) As an alternative to the procedure provided in this article, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined system or to construct, maintain and operate additions, betterments and improvements thereto, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or of a portion of the governing body, or of a board or commission appointed by the governing body, as may be provided by the governing body, and if such alternative is followed, said committee,

board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen of this chapter.

However, no municipality may acquire, construct, establish, extend, repair or equip or thereafter repair, maintain and operate a combined waterworks, sewerage or stormwater system, which includes highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways without the express agreement of the commissioner of highways.

(b) In the event that the waterworks or sewerage system or both, or if applicable, stormwater services, are in existence prior to the creation of the combined system, and the waterworks or sewerage system or both, and if applicable, stormwater services, are supervised and controlled by a committee, board or commission, and the alternative provided for in subsection (a) of this section is to be followed with respect to the supervision and control of the combined system, the governing body may by ordinance, after the creation of the combined system, provide:

(1) The manner of and procedure for transferring supervision and control from each separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined system; or

(2) The manner of and procedure for combining each separate committee, board or commission into one committee, board or commission and transferring thereto supervision and control as aforesaid.

Acts 1961, c. 104; Acts 1969, c. 86; Acts 2001, c. 212, eff. 90 days after April 14, 2001.

Library References

Municipal Corporations ⇐708.
Water Law ⇐1869.
Westlaw Topic Nos. 268, 405.

C.J.S. Municipal Corporations §§ 1535 to 1536.

§ 8–20–19. Article to be liberally construed

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes.

Acts 1933, Ex. Sess., c. 26, § 14; Acts 1969, c. 86.

Final

$2,330,000

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

Sources & Uses

Dated 10/05/2012 | Delivered 10/05/2012

Sources Of Funds	
Par Amount of Bonds	$2,330,000.00
Original Issue Discount (OID)	(12,096.00)
Total Sources	**$2,317,904.00**

Uses Of Funds	
Deposit to Project Construction Fund	2,050,000.00
Deposit to Debt Service Reserve Fund (DSRF)	166,062.50
Costs of Issuance	65,000.00
Total Underwriter's Discount (1.500%)	34,950.00
Rounding Amount	1,891.50
Total Uses	**$2,317,904.00**

Crews & Associates, Inc.
Capital Markets Croup

Final

$2,330,000

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S	Fiscal Total
10/05/2012	-	-	-	-	-	-	-
04/01/2013	-	-	35,303.89	35,303.89	-	35,303.89	-
10/01/2013	90,000.00	1.500%	36,106.25	126,106.25	-	126,106.25	161,410.14
04/01/2014	-	-	35,431.25	35,431.25	-	35,431.25	-
10/01/2014	95,000.00	1.500%	35,431.25	130,431.25	-	130,431.25	165,862.50
04/01/2015	-	-	34,718.75	34,718.75	-	34,718.75	-
10/01/2015	95,000.00	1.500%	34,718.75	129,718.75	-	129,718.75	164,437.50
04/01/2016	-	-	34,006.25	34,006.25	-	34,006.25	-
10/01/2016	95,000.00	2.000%	34,006.25	129,006.25	-	129,006.25	163,012.50
04/01/2017	-	-	33,056.25	33,056.25	-	33,056.25	-
10/01/2017	95,000.00	2.000%	33,056.25	128,056.25	-	128,056.25	161,112.50
04/01/2018	-	-	32,106.25	32,106.25	-	32,106.25	-
10/01/2018	100,000.00	2.500%	32,106.25	132,106.25	-	132,106.25	164,212.50
04/01/2019	-	-	30,856.25	30,856.25	-	30,856.25	-
10/01/2019	100,000.00	2.500%	30,856.25	130,856.25	-	130,856.25	161,712.50
04/01/2020	-	-	29,606.25	29,606.25	-	29,606.25	-
10/01/2020	105,000.00	3.000%	29,606.25	134,606.25	-	134,606.25	164,212.50
04/01/2021	-	-	28,031.25	28,031.25	-	28,031.25	-
10/01/2021	110,000.00	3.000%	28,031.25	138,031.25	-	138,031.25	166,062.50
04/01/2022	-	-	26,381.25	26,381.25	-	26,381.25	-
10/01/2022	110,000.00	3.000%	26,381.25	136,381.25	-	136,381.25	162,762.50
04/01/2023	-	-	24,731.25	24,731.25	-	24,731.25	-
10/01/2023	115,000.00	3.250%	24,731.25	139,731.25	-	139,731.25	164,462.50
04/01/2024	-	-	22,862.50	22,862.50	-	22,862.50	-
10/01/2024	120,000.00	3.250%	22,862.50	142,862.50	-	142,862.50	165,725.00
04/01/2025	-	-	20,912.50	20,912.50	-	20,912.50	-
10/01/2025	120,000.00	3.250%	20,912.50	140,912.50	-	140,912.50	161,825.00
04/01/2026	-	-	18,962.50	18,962.50	-	18,962.50	-
10/01/2026	125,000.00	3.500%	18,962.50	143,962.50	-	143,962.50	162,925.00
04/01/2027	-	-	16,775.00	16,775.00	-	16,775.00	-
10/01/2027	130,000.00	3.500%	16,775.00	146,775.00	-	146,775.00	163,550.00
04/01/2028	-	-	14,500.00	14,500.00	-	14,500.00	-
10/01/2028	135,000.00	4.000%	14,500.00	149,500.00	-	149,500.00	164,000.00
04/01/2029	-	-	11,800.00	11,800.00	-	11,800.00	-
10/01/2029	140,000.00	4.000%	11,800.00	151,800.00	-	151,800.00	163,600.00
04/01/2030	-	-	9,000.00	9,000.00	-	9,000.00	-
10/01/2030	145,000.00	4.000%	9,000.00	154,000.00	-	154,000.00	163,000.00
04/01/2031	-	-	6,100.00	6,100.00	-	6,100.00	-
10/01/2031	150,000.00	4.000%	6,100.00	156,100.00	-	156,100.00	162,200.00
04/01/2032	-	-	3,100.00	3,100.00	-	3,100.00	-
10/01/2032	155,000.00	4.000%	3,100.00	158,100.00	(166,062.50)	(7,962.50)	(4,862.50)
Total	**$2,330,000.00**	-	**$937,285.14**	**$3,267,285.14**	**(166,062.50)**	**$3,101,222.64**	-

Crews & Associates, Inc.
Capital Markets Group

Final

$2,330,000

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2015	Term 1 Coupon	1.500%	1.500%	280,000.00	100.000%	280,000.00
10/01/2017	Term 2 Coupon	2.000%	2.000%	190,000.00	100.000%	190,000.00
10/01/2019	Term 3 Coupon	2.500%	2.500%	200,000.00	100.000%	200,000.00
10/01/2022	Term 4 Coupon	3.000%	3.000%	325,000.00	100.000%	325,000.00
10/01/2025	Term 5 Coupon	3.250%	3.250%	355,000.00	100.000%	355,000.00
10/01/2027	Term 6 Coupon	3.500%	3.500%	255,000.00	100.000%	255,000.00
10/01/2029	Term 7 Coupon	4.000%	4.000%	275,000.00	100.000%	275,000.00
10/01/2032	Term 8 Coupon	4.000%	4.200%	450,000.00	97.312%	437,904.00
Total	-	-	-	**$2,330,000.00**	-	**$2,317,904.00**

Bid Information

Par Amount of Bonds	$2,330,000.00
Reoffering Premium or (Discount)	(12,096.00)
Gross Production	$2,317,904.00
Total Underwriter's Discount (1.500%)	$(34,950.00)
Bid (97.981%)	2,282,954.00
Total Purchase Price	$2,282,954.00
Bond Year Dollars	$26,689.11
Average Life	11.455 Years
Average Coupon	3.5118635%
Net Interest Cost (NIC)	3.6881376%
True Interest Cost (TIC)	3.6925670%

Crews & Associates, Inc.
Capital Markets Group

Final

$2,330,000

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

Proof Of Bond Yield @ 3.5247995%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
10/05/2012	-	1.0000000x	-	-
04/01/2013	35,303.89	0.9830628x	34,705.94	34,705.94
10/01/2013	126,106.25	0.9660374x	121,823.35	156,529.29
04/01/2014	35,431.25	0.9493068x	33,635.13	190,164.42
10/01/2014	130,431.25	0.9328660x	121,674.87	311,839.29
04/01/2015	34,718.75	0.9167099x	31,827.02	343,666.31
10/01/2015	129,718.75	0.9008336x	116,855.01	460,521.32
04/01/2016	34,006.25	0.8852323x	30,103.43	490,624.75
10/01/2016	129,006.25	0.8699011x	112,222.68	602,847.43
04/01/2017	33,056.25	0.8548355x	28,257.66	631,105.08
10/01/2017	128,056.25	0.8400308x	107,571.19	738,676.28
04/01/2018	32,106.25	0.8254825x	26,503.15	765,179.43
10/01/2018	132,106.25	0.8111862x	107,162.76	872,342.19
04/01/2019	30,856.25	0.7971374x	24,596.67	896,938.86
10/01/2019	130,856.25	0.7833320x	102,503.88	999,442.74
04/01/2020	29,606.25	0.7697656x	22,789.87	1,022,232.61
10/01/2020	134,606.25	0.7564342x	101,820.77	1,124,053.39
04/01/2021	28,031.25	0.7433337x	20,836.57	1,144,889.96
10/01/2021	138,031.25	0.7304601x	100,826.32	1,245,716.28
04/01/2022	26,381.25	0.7178094x	18,936.71	1,264,652.99
10/01/2022	136,381.25	0.7053778x	96,200.31	1,360,853.30
04/01/2023	24,731.25	0.6931616x	17,142.75	1,377,996.05
10/01/2023	139,731.25	0.6811569x	95,178.90	1,473,174.95
04/01/2024	22,862.50	0.6693601x	15,303.24	1,488,478.19
10/01/2024	142,862.50	0.6577676x	93,970.32	1,582,448.51
04/01/2025	20,912.50	0.6463758x	13,517.33	1,595,965.85
10/01/2025	140,912.50	0.6351814x	89,505.00	1,685,470.85
04/01/2026	18,962.50	0.6241808x	11,836.03	1,697,306.87
10/01/2026	143,962.50	0.6133708x	88,302.39	1,785,609.27
04/01/2027	16,775.00	0.6027480x	10,111.10	1,795,720.36
10/01/2027	146,775.00	0.5923091x	86,936.17	1,882,656.53
04/01/2028	14,500.00	0.5820510x	8,439.74	1,891,096.27
10/01/2028	149,500.00	0.5719706x	85,509.61	1,976,605.88
04/01/2029	11,800.00	0.5620648x	6,632.36	1,983,238.25
10/01/2029	151,800.00	0.5523305x	83,843.77	2,067,082.02
04/01/2030	9,000.00	0.5427648x	4,884.88	2,071,966.91
10/01/2030	154,000.00	0.5333648x	82,138.18	2,154,105.09
04/01/2031	6,100.00	0.5241276x	3,197.18	2,157,302.27
10/01/2031	156,100.00	0.5150504x	80,399.36	2,237,701.63
04/01/2032	3,100.00	0.5061303x	1,569.00	2,239,270.63
10/01/2032	158,100.00	0.4973648x	78,633.37	2,317,904.00
Total	**$3,267,285.14**	-	**$2,317,904.00**	-

Derivation Of Target Amount

Par Amount of Bonds	$2,330,000.00
Reoffering Premium or (Discount)	(12,096.00)
Original Issue Proceeds	$2,317,904.00

Crews & Associates, Inc.
Capital Markets Group

Preliminary

$2,330,000

The City of Morgantown, WV
Combined Utility System Revenue Bonds
Series 2012 C (BQ/NR)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
10/05/2012	-	-	-	-	-
10/01/2013	90,000.00	100.000%	90,000.00	0.9888889x	89,000.00
10/01/2014	95,000.00	100.000%	95,000.00	1.9888889x	188,944.44
10/01/2015	95,000.00	100.000%	95,000.00	2.9888889x	283,944.44
10/01/2016	95,000.00	100.000%	95,000.00	3.9888889x	378,944.44
10/01/2017	95,000.00	100.000%	95,000.00	4.9888889x	473,944.44
10/01/2017	200,000.00	100.000%	200,000.00	4.9888889x	997,777.78
10/01/2017	325,000.00	100.000%	325,000.00	4.9888889x	1,621,388.89
10/01/2017	355,000.00	100.000%	355,000.00	4.9888889x	1,771,055.56
10/01/2017	255,000.00	100.000%	255,000.00	4.9888889x	1,272,166.67
10/01/2017	275,000.00	100.000%	275,000.00	4.9888889x	1,371,944.44
10/01/2017	450,000.00	97.312%	437,904.00	4.9888889x	2,184,654.40
Total	**$2,330,000.00**	-	**$2,317,904.00**	-	**$10,633,765.51**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	4.588 Years
Total Interest from Debt Service	345,835.14
Reoffering (Premium) or Discount	12,096.00
Total Interest	357,931.14
NIC = Interest / (Issue Price * Average Maturity)	3.3659868%
Bond Yield for Arbitrage Purposes	3.3526331%

Crews & Associates, Inc.
Capital Markets Group

CITY OF MORGANTOWN, WV (MUB)
Combined Waterworks and Sewerage System
Tax-Exempt Revenue Bonds, Series 2012 C

DTC FAST CLOSING
Friday, October 05, 2012

SOURCES:		
Par Amount - Tax-Exempt Bonds		2,330,000.00
Original Issue Discount		(12,096.00)
TOTAL SOURCES OF FUNDS		2,317,904.00
USES:		
Deposit to Project Fund		2,050,000.00
Underwriters Discount		34,950.00
Deposit to DSRF		166,062.50
Costs of Issuance:		
Bond Counsel - Steptoe & Johnson	35,000.00	
Underwriter's Counsel - Jackson Kelly	25,000.00	
Registrar - Acceptance Fee	500.00	
Registrar Fee	50.00	
Disclosure Agent Fee	100.00	
Miscellaneous	4,350.00	
Total Costs of Issuance		65,000.00
Rounding		1,891.50
TOTAL USES OF FUNDS		2,317,904.00
		0.00 Balance Test

CONTACTS:

United Bank, Inc. **(Registrar #2719)**
Kathy.Smith@ubsi-wv.com
304-348-8427

MUB
Tim Ball
304-292-8443

DTC
212-855-3752
212-855-3753
212-855-3754

WV Municipal Bond Commission
Sara.L.Rogers@wv.gov
304-558-3971

Crews BD# **5158**

WIRE INSTRUCTIONS: October 5, 2012

From: Crews & Associates, Inc.		→ To: WV Municipal Bond Commission	
Debt Service Reserve Fund	166,062.50	Bank:	Branch Banking & Trust
		City:	Charleston, WV
		ABA#:	051 5033 94
		Acct. Name:	State of West Virginia
		Account No.:	5270517317
Total Transfer:	166,062.50	GLA #:	

From: Crews & Associates, Inc.		→ To: United Bank, Inc. (Depository Bank)	
Costs of Issuance	65,000.00	Bank:	United Bank, Inc. / Trust Department
Rounding	1,891.50	City:	Charleston, WV
Project Fund	2,050,000.00	ABA#:	#051-900-395
		Credit To:	United Trust Department
		Acct.#:	#800 5682
Total Transfer:	2,116,891.50	Further Cr:	Further credit to Morgantown Utility Board

THE CITY OF MORGANTOWN

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,

SERIES 1992
(West Virginia SRF Program)

BOND ORDINANCE

Table of Contents

Subject		Page
	ARTICLE I	
	STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
	ARTICLE II	
	AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01	Authorization of Acquisition and Construction of the Project	13
	ARTICLE III	
	AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds	17
Section 3.09	Delivery of Series 1992 Bonds	17
Section 3.10	Form of Series 1992 Bonds	17
FORM OF SERIES 1992 BOND		19

Section 3.11	Sale of Series 1992 Bonds; Approval and Ratification of Execution of Loan Agreement	27
Section 3.12	"Amended Schedule A" Filing	27

ARTICLE IV

[RESERVED] 28

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	29
Section 5.02	Establishment of Funds and Accounts with Commission	29
Section 5.03	System Revenues; Flow of Funds	29

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	35
Section 6.02	Disbursements From the Bond Construction Trust Fund	36

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	38
Section 7.02	Bonds not to be Indebtedness of the Issuer	38
Section 7.03	Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds	38
Section 7.04	Rates and Charges	38
Section 7.05	Sale of the System	38
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	40
Section 7.07	Parity Bonds	41
Section 7.08	Books; Records and Facilities	43
Section 7.09	Rates	45
Section 7.10	Operating Budget; Audit and Monthly Financial Report	46
Section 7.11	Engineering Services and Operating Personnel	46
Section 7.12	No Competing Franchise	47
Section 7.13	Enforcement of Collections	47
Section 7.14	No Free Services	48
Section 7.15	Insurance and Construction Bonds	48
Section 7.16	Mandatory Connections	50
Section 7.17	Completion of Project; Permits and Orders	50
Section 7.18	Compliance with Loan Agreement	51
Section 7.19	Tax Covenants	51

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	53
Section 8.02	Arbitrage	53
Section 8.03	Tax Certificate and Rebate	54

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	56
Section 9.02	Remedies	56
Section 9.03	Appointment of Receiver	56

ARTICLE X
DEFEASANCE

Section 10.01	Defeasance of Bonds	59

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	61
Section 11.02	Bond Legislation Constitutes Contract	61
Section 11.03	Severability of Invalid Provisions	61
Section 11.04	Headings, Etc.	61
Section 11.05	Conflicting Provisions Repealed	61
Section 11.06	Covenant of Due Procedure, Etc.	62
Section 11.07	Effective Date	62
Section 11.08	Statutory Notice and Public Hearing	62
SIGNATURES		63
CERTIFICATION		64

1992

THE CITY OF MORGANTOWN

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE 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 $12,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (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 CITY OF MORGANTOWN HEREBY ORDAINS:

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 20, Article 5I 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 combined public waterworks and sewerage system. By ordinance enacted August 21, 1990 (the "Notes Ordinance"), the Issuer deemed it necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for the existing sewerage facilities portion of the combined public waterworks and sewerage system of the Issuer, consisting of construction of aeration tanks, final clarifiers, a sludge thickening facilities blower building, return sludge pumping facilities, modifications to the existing final clarifiers, site work, interior and yard piping, electrical, heating and ventilation, a river cribwall and all appurtenant facilities (collectively, the "Project") which constitute

properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the existing combined public waterworks and sewerage system facilities, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $11,300,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Clerk of the Issuer.

C. The Notes Ordinance also authorized, and the Issuer has issued, its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1990, in the aggregate principal amount of $10,000,000 (the "Notes"), for the purpose of temporarily financing the costs of acquisition and construction of the Project.

D. 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 Loan Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

E. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program) (the "Series 1992 Bonds") in the total aggregate principal amount of not more than $12,500,000 to be initially represented by a single Bond, to pay, at maturity, the principal of and interest on the Notes not otherwise provided for, and to otherwise permanently finance costs of acquisition and construction of the Project not previously paid with proceeds of the Notes. Said costs shall be deemed to include the repayment of the Notes, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1992 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 1992 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 of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the 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 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

F. The period of usefulness of the System after completion of the Project is not less than 20 years.

G. It is in the best interests of the Issuer that its Series 1992 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 Division of Environmental Protection, formerly, prior to July 1, 1992, known as the West Virginia Division of Natural Resources, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on parity with the Bonds as to lien, pledge, sources of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1987 (the "Prior Bonds"), issued pursuant to an ordinance enacted by the Issuer on September 1, 1987 (the "Prior Ordinance").

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 the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1992 Bonds and all Sinking Fund, Reserve Account and other payments provided for herein and in the Prior Ordinance, all as such terms are hereinafter defined.

J. The Issuer has met the parity test requirements of the Prior Ordinance and the Series 1992 Bonds shall be issued on parity with the Prior Bonds, with respect to lien, pledge and sources of and security for payment and in all other respects.

K. 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 1992 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, 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 1992 Bonds or such final order will not be subject to appeal.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of 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 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means collectively, Chapter 8, Article 20 and Chapter 20, Article 5I 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 1992 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the City Manager of the Issuer, the General Manager of the Board or any other individual specifically designated by ordinance or resolution of the Council as such.

"Board" means the Morgantown Utility Board, created by an ordinance of the Issuer enacted September 1, 1987, or any successor thereto.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"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.

"Bond Year" means each one-year period (or shorter period from the date of issuance of any Bonds) that ends at the close of business on October 1.

"Bonds" means collectively, the Series 1992 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.

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

"Clerk," "City Clerk" or "Recorder" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of Bonds for the proceeds or any portion thereof representing the purchase of the Bonds by the original purchasers thereof.

"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 that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

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

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

"DEP" means the West Virginia Division of Environmental Protection, formerly, prior to July 1, 1992, known as the West Virginia Division of Natural Resources, a division of the West Virginia Department of Commerce, Labor and Environmental Resources, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depreciation Fund" means the Depreciation Fund created by Section 4.01 of the Prior Ordinance and continued hereby.

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

"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 or the Board, as appropriate.

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

"Grant Agreement" means a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" includes 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 purchased pursuant to Article 8.01 hereof) or any Tap Fees.

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

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

"Issuer" means The City of Morgantown, in Monongalia County, West Virginia, and, unless the context clearly indicates otherwise, includes the Council and Board of the Issuer.

"Loan Agreement" means, the Loan Agreement, heretofore or to be entered into among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1992 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 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Notes" means the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1990, dated September 15, 1990, issued in the aggregate principal amount of $10,000,000.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of,

capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund created By Section 4.01 of the Prior Ordinance and continued hereby.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar 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 such other entity or authority as may be designated as a paying agent by the Issuer with the written consent of the Authority and the DEP.

"Prior Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1987, dated October 1, 1987, issued in the original aggregate principal amount of $12,360,000.

"Prior Bonds Reserve Account" means the Reserve Account established for the Prior Bonds in Section 4.01 of the Prior Ordinance.

"Prior Bonds Sinking Fund" means the Sinking Fund established for the Prior Bonds in Section 4.01 of the Prior Ordinance.

"Prior Ordinance" means the ordinance of the Issuer adopted September 1, 1987, authorizing the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition and construction of certain additions, betterments and improvements for the existing public sewerage facilities of the combined waterworks and sewerage system of the Issuer, consisting generally of construction of aeration tanks, final clarifiers, a sludge thickening facilities blower building, return sludge pumping facilities, modifications to the existing final clarifiers, site work, interior and yard piping, electrical, heating and ventilation and a river cribwall, together with all appurtenant facilities.

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

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

"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 Account" means, collectively, the Prior Bonds Reserve Account and the Series 1992 Bonds Reserve Account.

"Reserve Requirement" means, collectively, the collective amount required to be on deposit in any reserve account for the Bonds.

"Revenue Fund" means the Revenue Fund created by Section 4.01 of the Prior Ordinance and continued hereby.

"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.

"Series 1992 Bonds," "Original Bonds" or "Bonds originally authorized hereby" or similar phrases means the not more than $12,500,000 in aggregate principal amount of Series 1992 Bonds, issued for the purpose of refunding the Notes and permanently financing a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Series 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1992 Bonds in the then current or any succeeding year.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Fund" means, collectively, the Prior Bonds Sinking Fund and the Series 1992 Bonds Sinking Fund.

"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 1992 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1992 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 Bonds, the Prior Bonds or any other obligations of the Issuer, including the Depreciation Fund and the Reserve Account.

"System" means the complete combined public 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 further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $11,300,000, 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 Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Project is currently under construction and the Issuer has entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

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 1992 Bonds, funding a reserve account for the Series 1992 Bonds, refunding the Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1992 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 1992 Bonds of the Issuer, in an aggregate principal amount of not more than $12,500,000. The Series 1992 Bonds shall be issued as a single Bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1992," in the principal amount of not more than $12,500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable 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 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent 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 1992 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 1992 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The 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. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor and 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 any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09 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 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange

or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

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

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all Bonds shall be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, on parity with the lien on 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 and other payments for the Bonds and to make the payments into the Sinking Fund, the Reserve Account therein, and the Depreciation Fund, either existing or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Delivery of Series 1992 Bonds. The Issuer shall execute and deliver the Series 1992 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 1992 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 1992 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

B. A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1992 Bonds to the original purchasers; and

C. The unqualified approving opinion upon the Series 1992 Bonds by Bond Counsel.

Section 3.10. Form of Series 1992 Bonds. The text of the Series 1992 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 1992 Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1992
(West Virginia SRF Program)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That 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 installments on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, as set forth on the "Schedule of Annual Debt Service" 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 on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and until payment of such advances, and such interest shall be payable on _____ 1, _____ 1, _____ 1 and _____ 1 of each year. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of [One Valley Bank, National Association, Charleston, West Virginia], as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 19_____.

This Bond is issued (i) to refund certain bond anticipation notes (the "Notes") of the Issuer heretofore issued to pay a portion

of the costs of acquisition and construction of certain additions, betterments and improvements for the existing public sewerage facilities of the combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to pay additional costs of acquisition and construction of the Project not otherwise provided for; (iii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iv) to fund a reserve account for the Bonds; (v)] to pay certain costs of issuance hereof and related costs. The existing combined waterworks and sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and an Ordinance duly enacted by the Issuer on _____, 19____ and a Supplemental Resolution duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1987, DATED OCTOBER 1, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,360,000 (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 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 1992 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1992 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 prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, 115% of such

amount; provided however, that, if the Prior Bonds are no longer outstanding and so long as there exists in the Series 1992 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 reserve accounts established for any other obligations outstanding prior to or on a parity with the 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, shall be applied solely to repayment of the Notes and payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

IN WITNESS WHEREOF, THE CITY OF 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 _____, 19____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	
		TOTAL		$	

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Series 1992 Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1992 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 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.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

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 created (or continued if previously established by the Prior Ordinance) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

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

(2) Depreciation Fund (established by the Prior Ordinance);

(3) Operation and Maintenance Fund (established by the Prior Ordinance)

(4) Bond Construction Trust Fund;

(5) Earnings Fund (established by the Prior Ordinance); and

(6) Rebate Fund (established by the Prior Ordinance).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinance) with the Commission:

(1) Prior Bonds Sinking Fund (established by the Prior Ordinance);

(a) Within the Prior Bonds Sinking Fund, the Prior Bonds Reserve Account (established by the Prior Ordinance);

(2) Series 1992 Bonds Sinking Fund;

(a) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account.

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Prior Bonds Sinking Fund for payment of the principal of and interest on the Prior Bonds, and (i) simultaneously therewith, commencing 4 months prior to the first date of payment of interest on the Series 1992

Bonds for which interest has not been capitalized or as required in the Loan Agreement, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1992 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on said Series 1992 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 1992 Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal on the Series 1992 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1992 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 1992 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(2) The Issuer shall next, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Prior Bonds Reserve Account and on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1992 Bonds, if not fully funded upon issuance of the Series 1992 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 Bonds Reserve Account, an amount equal to 1/120 of the Series 1992 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1992 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 1992 Bonds Reserve Requirement.

(3) 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.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinance and not in addition thereto), transfer to the Depreciation Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the 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 established with respect to the Prior Bonds or the Series 1992 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Depreciation Fund.

(5) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, accrue the surplus then remaining in the Reserve Fund until there is on deposit in the Revenue Fund a sum equal to the budgeted Operating Expenses for the remainder of the then current Fiscal Year and the next ensuing Fiscal Year. Any excess of moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 1992 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, on the Series 1992 Bonds as the same shall become due. Moneys in the Series 1992 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1992 Bonds, as the same shall come due, when other moneys in the attendant Series 1992 Bonds Sinking Fund are insufficient therefor, and for no other purpose except for permitted transfers to the Rebate Fund.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund, any withdrawals from the Series 1992 Bonds Reserve Account which result in a reduction in the balance of the Series 1992 Bonds Reserve Account to below the Series 1992 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full to the Prior Bonds Sinking Fund for payment of debt service on the Prior Bonds and to the Series 1992 Bonds Sinking Fund for payment of debt service on the Series 1992 Bonds.

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

the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the concomitant sinking fund in any year for account of the Bonds of such series, including such additional Bonds which by their terms are payable from such sinking fund.

The Issuer shall not be required to make any further payments into the Series 1992 Bonds Sinking Fund, or into the Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Prior Bonds and Series 1992 Bonds in accordance with the respective principal amounts then Outstanding, and thereafter shall be made on a parity and pro rata.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund, the Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. 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 its required interest, principal and reserve payments. The Issuer shall complete the "Monthly Payment Form," attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its check to the Authority by the 5th day of such calendar month.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses of the Authority relating to the SRF Program, if any.

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

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following the Completion Date, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1992 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1992 Bonds, there shall first be deposited with the Commission in the Series 1992 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1992 Bonds, there shall be deposited with the Commission in the Series 1992 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Reserve Account.

C. Next, from the proceeds of the Series 1992 Bonds, there shall first be credited to the Bond Construction Trust Fund and then deposited with the paying agent for the Notes, the amount which, together with other moneys then on deposit with such paying agent for such purpose, will be sufficient to pay, on September 15, 1992, the entire principal of and interest accrued on the Notes.

D. Next from the proceeds of the Series 1992 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

E. The remaining moneys derived from the sale of the Series 1992 Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

F. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1992 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1992 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated

monthly draw schedule. Payments for Costs of the Project shall be made monthly.

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

(1) a "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said 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 the debt service of the Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System, on parity with the lien on said Gross Revenues in favor of the Holders of the Prior Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted August 7, 1990, and the water rate ordinance of the Issuer enacted June 4, 1991.

Section 7.05. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Bond Legislation as provided by Section 10.01 hereof. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to Bond Commission for deposit in the Sinking Fund, and otherwise as prescribed by Section 10.01 hereof. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

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

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Bond Legislation, as provided by Section 10.01 hereof, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of 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 the Tibbs Run reservoir properties consisting of about 80 acres, and a tract of about 200 acres on Mayfield Road heretofore acquired for the System, neither of which properties is now being used or is useful for the System, such sales to be at such times and in such manner and for such prices as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sales 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. Furthermore, the Board and the City are hereby authorized to negotiate, lease and otherwise dispose of the oil and gas minerals underlying a tract of real estate situate in Clinton Taxing District, Monongalia County, West Virginia, and containing 104 acres, more or less, for a royalty of not less than 1/8th of all oil and gas produced from said property, or a delay rental of not less than $312.00 per year, for a primary term of not to exceed 8 years. All moneys received from the leasing of the aforesaid oil and gas or from any

other property of the System shall be deposited in the Revenue Fund and expended therefrom as provided herein.

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

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

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. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

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

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during the Fiscal Year preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall, so long as any of the Prior Bonds are Outstanding not be less than 125% and thereafter shall be not less than 115%, of the

largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Prior Bonds and any other obligations with a lien on the Net Revenues prior to that of the Bonds;

(2) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the City Clerk of the Issuer prior to the issuance of such Parity Bonds. The Net Revenues actually derived from the System during the preceding Fiscal Year hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, and filed with said City Clerk, 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.

The Issuer covenants that not later than 1 day following the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction of such additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

The term "Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the 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 said 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 Ordinance required

for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

No Parity Bonds shall be valid unless authenticated pursuant to Section 3.04. Prior to such authentication, registration, if applicable, and delivery, the Registrar shall receive those documents prescribed by Section 3.09 with respect to the Series 1992 Bonds, modified as deemed necessary by the Registrar to reflect the issuance of such Parity Bonds.

The term "Parity Bonds," as used in this section, 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 Bonds on such Revenues. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Bonds except in the manner and under the conditions provided in this section.

No additional parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Depreciation Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Parity Bonds.

The Issuer may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 7.08. Books; Records and Facilities. 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 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 Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Board. The Board shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Board shall be reported to such agent of the Issuer as the Board shall direct.

The Board shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of 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 Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

The Board 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 or 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 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. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 125% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event that the Prior Bonds are no longer Outstanding and an amount equal to or in excess of the Reserve Requirement is on deposit in the Series 1992 Reserve Account and any reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget; Audit 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 registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of

such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority 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 any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Board shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

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

Section 7.11. Engineering Services and Operating Personnel. The Board shall provide and maintain competent and adequate resident 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 resident engineer shall certify to the Authority, the DEP and the Board at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Board shall 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 Board shall notify the DEP in writing of such receipt. The Board shall submit a "Performance Certificate," 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 Board 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 Board agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Board shall notify the DEP in writing of the certified operator employed at the 25% 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 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Board further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, 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, the Board, 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 any of the 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 said 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 Board, the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Board, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Board and the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the 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 the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) 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.

(5) 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 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. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Board, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Board will complete the Project and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Board will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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

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

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1992 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

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, except as otherwise provided with respect to the Rebate Fund. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, 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 Board, at least once each year (or more often if reasonably requested by the Board), a summary of such funds, accounts and investment earnings. The Board shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Board and Issuer covenant that (i) they shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1992 Bonds which would cause the Series 1992 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) they will take all actions that may be required of either (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1992 Bonds) so that the interest on the Series 1992 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 1992 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1992 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, or cause to be calculated, 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 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 Board 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, 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. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 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 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 Series 1992 Bonds from gross income for federal income tax purposes.

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 therefrom, 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 1992 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 Bonds (as 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 Bonds:

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

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

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

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.

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, 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 possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all 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 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 1992 Bonds from gross income for federal income tax purposes.

Series 1992 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1992 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1992 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1992 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Board as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the 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 respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds 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 1992 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 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. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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, City Manager, City Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this 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 qualified 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 Bonds, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this 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 - August 4, 1992

Passed on Second Reading - August 18, 1992

Passed on Final Reading Following Public Hearing - September 1, 1992

_____
Mayor

_____
City Manager

_____
City Clerk

Approved by the Morgantown Utility Board this 1st day of September, 1992.

By _____
Its Chairman

APPROVED AS TO FORM

_____
City Solicitor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of September, 1992.

Dated: September 8, 1992.

[SEAL]

City Clerk

09/01/92
SRFJ.A4
62749/90002

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1992
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of The City of Morgantown (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective September 1, 1992 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE 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 $12,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992 (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, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $12,500,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all amendments and supplements (collectively, the "Loan Agreement"), by and among the Issuer, West Virginia Water Development Authority (the "Authority") and the West Virginia Division

of Environmental Protection, formerly, prior to July 1, 1992, known as the West Virginia Division of Natural Resources, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), all in accordance with Chapter 8, Article 20 and Chapter 20, Article 5I 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 amounts, maturity dates, interest rates, interest and principal payment dates, sale prices 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; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates 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 1992 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $11,900,000. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2012, and shall bear interest at the rate of 3.0% per annum. Both principal of and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1993. The 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 Bonds, and shall be payable in installments of principal and interest in the amounts as set forth in "Schedule Y," attached thereto and to the Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery by the City Manager of the Loan Agreement, 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 Application 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 will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds 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, in substantially the form attached hereto, and the execution and delivery by the City Manager of the Registrar's Agreement, 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 direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint The First National Bank of Morgantown, Morgantown, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1992 Bonds proceeds in the amount of $-0- shall be deposited in the Series 1992 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1992 Bonds proceeds in the amount of $796,000 shall be deposited in the Series 1992 Bonds Reserve Account.

Section 9. Series 1992 Bonds proceeds in the amount of $10,000,000 shall be paid to The First National Bank of Morgantown and deposited in the Notes Payment Fund established pursuant to a Trust Indenture, dated September 15, 1990, by and between the Issuer and The First National Bank of Morgantown, as trustee thereunder, and applied, together with other moneys on deposit in said Notes Payment Fund, to payment, on September 15, 1992, of the principal of and interest on the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 1990 (the "Notes").

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund, as received from time to time for payment of Costs of the Project not previously paid from proceeds of the Notes, including costs of issuance of the Bonds.

Section 11. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer, including, but not limited to the Notes, heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project.

Section 12. 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 September 8, 1992, to the Authority pursuant to the Loan Agreement.

Section 13. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. 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 money market 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 money market accounts until further directed in writing by the Issuer. Moneys in the Series 1992 Bonds Sinking Fund, including the Reserve Account therein, shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. 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 the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

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

Adopted this 1st day of September, 1992.

THE CITY OF MORGANTOWN

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

City Attorney

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 1st day of September, 1992.

Dated: September 8, 1992.

[SEAL]

City Clerk

09/01/92
SRFJ.B4
62749/90002

AMENDATORY ORDINANCE

THE CITY OF MORGANTOWN

AN ORDINANCE AMENDING THE PRIOR ORDINANCES OF THE CITY OF MORGANTOWN WHICH AUTHORIZED THE ISSUANCE OF THE CITY'S OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1992, SERIES 1995, SERIES 2000 A, SERIES 2000 B, SERIES 2001 A, AND SERIES 2006 A, IN ORDER TO ADD STORMWATER SYSTEM REVENUES OF THE COMBINED UTILITY SYSTEM OF THE CITY AS A SOURCE OF SECURITY AND REPAYMENT FOR SUCH BONDS.

WHEREAS, The City of Morgantown (the "Issuer") is a municipal corporation existing under the laws of and is a political subdivision of the State of West Virginia;

WHEREAS, pursuant to Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer enacted an ordinance on September 1, 1987 which was incorporated as Article 169 of the Morgantown City Code (the " MUB Ordinance"), creating a combined waterworks and sanitary sewerage system utility (the "System"), and establishing the Morgantown Utility Board ("MUB") as the board responsible for the operation, administration, management and control of the System;

WHEREAS, pursuant to the Act, the Issuer issued several series of bonds payable from revenues derived from such System as set forth below;

WHEREAS, pursuant to the Act, the Issuer on May 21, 2002, enacted ordinances which amend the MUB Ordinance and provide for the creation of stormwater collection and transportation facilities to be operated, administered, managed and controlled by MUB in the same manner as the City's waterworks and sanitary sewerage facilities;

WHEREAS, the Issuer has on April 17, 2007, enacted an ordinance combining the stormwater system of the Issuer with the existing combined waterworks and sewerage system of the Issuer pursuant to the Act;

WHEREAS, the Issuer has heretofore enacted the following referenced ordinances for the purpose of authorizing the issuance of its revenue bonds to pay the

cost of additions, betterments, and improvements to the waterworks and sanitary sewerage portions of the System (collectively, the "Prior Ordinances"):

(i) Bond Ordinance enacted on September 1, 1992, following a public hearing (the "1992 Ordinance") which authorized the issuance of 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");

(ii) Bond Ordinance enacted on March 8, 1995, following a public hearing (the "1995 Ordinance") which authorized the issuance of the Issuer's 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");

(iii) Bond Ordinance enacted on February 15, 2000, following a public hearing (the "2000 Ordinance") which authorized the issuance of the Issuer's: (a) 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"); and (b) 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");

(iv) Bond Ordinance enacted on January 16, 2001, following a public hearing (the "2001 Ordinance") which authorized the issuance of the Issuer's 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"); and

(v) Bond Ordinance enacted on April 4, 2006, following a public hearing (the "2006 Ordinance") which authorized the issuance of the Issuer's 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 "Series 2006 A Bonds").

WHEREAS, the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, the Series 2001 A Bonds, and the Series 2006 A Bonds are sometimes hereinafter referred to as the "Prior Bonds";

WHEREAS, the Prior Ordinances which authorized the issuance of the Prior Bonds, provided that such bonds were repayable from the combined revenues of the waterworks and sanitary sewerage portions of the System and the Prior Ordinances pledged the revenues of the waterworks and sanitary sewerage portions of the System to the repayment of such Prior Bonds;

WHEREAS, the Issuer now proposes to undertake certain additions, betterments, and improvements to the stormwater portion of the System (the "Project") and to issue its Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program) (the "Series 2007 A Bonds"), in order to finance such improvements;

WHEREAS, the Series 2007 A Bonds will be payable from and secured by the combined waterworks, sewerage, and stormwater revenues of the System;

WHEREAS, the West Virginia Water Development Authority (the "Authority"), the present holder of all of the outstanding Prior Bonds and the proposed purchaser of the Series 2007 A Bonds, has required as a condition to its purchase of the Series 2007 A Bonds, that the stormwater revenues of the System be added as a source of repayment for the Prior Bonds and as collateral to secure the repayment of the Prior Bonds, so as to maintain the Prior Bonds on a parity with respect to sources of and security for payment with the proposed Series 2007 A Bonds;

WHEREAS, the Authority has consented in writing to the amendments to the Prior Ordinances and the Prior Bonds which are set forth herein;

WHEREAS, the Issuer has agreed to include the stormwater revenues of the System as a source of repayment and collateral for the Prior Bonds and enacts this Amendatory Ordinance for the purpose of accomplishing the same; and

WHEREAS, the Issuer deems it necessary and desirable in connection with adding the stormwater revenues of the System as a source of repayment and security for the Prior Bonds to re-designate all of such Prior Bonds in order that their names might more accurately reflect the current makeup of the System and the source of and security for payment of the Prior Bonds.

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

Section 1. The captions of the Prior Ordinances currently make reference to the "EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN". The captions of the Prior

Ordinances are hereby amended so that the references to the "EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN" are changed to read as follows: "EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE, AND STORMWATER SYSTEM OF THE CITY OF MORGANTOWN."

Section 2. The designation of the Prior Bonds shall be amended as follows:

(i) "Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program)", shall be changed to "Combined Utility System Revenue Bonds, Series 1992 (West Virginia SRF Program)";

(ii) "Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program)" shall be changed to "Combined Utility System Revenue Bonds, Series 1995 (West Virginia SRF Program)";

(iii) "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program)" shall be changed to "Combined Utility System Revenue Bonds, Series 2000 A (West Virginia SRF Program)";

(iv) "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)" shall be changed to "Combined Utility System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)";

(v) "Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund)" shall be changed to "Combined Utility System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund)"; and

(vi) "Combined Waterworks and Sewerage System Revenue Bonds, Series 2006 A (West Virginia SRF Program)" shall be changed to "Combined Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program)".

Section 3. Section 1.02B of each of the Prior Ordinances contains the following initial sentence: "[t]he Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system." This provision is hereby amended so as to read as follows: "[t]he Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage, and stormwater system."

Section 4. In describing the Projects which are authorized by the Prior Ordinances, Section 1.02B of each of the Prior Ordinances makes reference to the "existing public combined waterworks and sewerage system of the Issuer". Section 1.02B of each of the Prior Ordinances is hereby amended so that the reference to the "existing public combined waterworks and sewerage system of the Issuer" is changed to read as follows "existing public combined waterworks, sewerage, and stormwater system of the Issuer".

Section 5. Section 1.02B of each of the Prior Ordinances contains a definition of the term "System" which reads as follows: "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". The definition of "System" which is contained in Section 1.02B of each of the Prior Ordinances is hereby amended so as to read as follows: "the existing public combined waterworks, sewerage, and stormwater system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System".

Section 6. Section 1.04 of the 2006 Ordinance, the 2001 Ordinance, and the 2000 Ordinance contain the following definition of the term "System": "[s]ystem means, collectively, the complete existing pubic 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.

Section 1.04 of the 1995 Ordinance contains the following definition of the term "System": "[s]ystem" means the complete 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 further extensions, additions, betterments, and improvements thereto hereafter constructed or acquired from any sources whatsoever.

Section 1.04 of the 1992 Ordinance contains the following definition of the term "System": "[s]ystem" means the complete combined public 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 further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever.

The definition of the term "System" which is contained in Section 1.04 of each of the Prior Ordinances is hereby amended so as to read as follows: "[s]ystem means, collectively, the complete existing public combined waterworks, sewerage, and stormwater 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."

Section 7. The Issuer authorizes the amendment of the Prior Bonds for the purpose of adding the stormwater revenues of the System as a source of security and repayment for the Prior Bonds. The forms of the amended Prior Bonds shall be substantially as set forth in the attached Exhibits A through F, with such omissions, additions, and variations as may be authorized by the Mayor or City Manager of the Issuer prior to the execution and delivery thereof (the "Amended Prior Bonds"). The Mayor and City Manager of the Issuer are hereby authorized to execute and deliver the Amended Prior Bonds in the forms attached hereto as Exhibits A through F, with such omissions, additions, and variations as may be authorized by either of them prior to the execution and delivery thereof, and the City Clerk of the Issuer is hereby authorized to place the seal of the Issuer upon such Amended Prior Bonds and to attest such seal. The execution of the Amended Prior Bonds by the Mayor and the City Manager shall be conclusive evidence of their approval of any omissions, additions, and variations to the forms thereof as set forth in the attached Exhibits A through F.

Section 8. Any and all other provisions of the Prior Ordinances and Prior Bonds that relate to the System, but do not by implication include the stormwater system or the revenues and expenses thereof, shall hereby be amended to include the same.

Section 9. This Amendatory Ordinance shall take effect immediately following enactment hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Passed on First Reading: April 3, 2007

Passed on Second and Final Reading: May 1, 2007

By: _____
Mayor

ATTEST:

By: _____
Acting City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of May, 2007.

Dated: August 14, 2007.

[SEAL]

By: Donna Poletti
City Clerk

03/13/07
627490.00019

EXHIBIT A

AMENDED SERIES 1992 BOND

(Included in Tab 8 of Transcript)

EXHIBIT B

AMENDED SERIES 1995 BOND

(Included in Tab 8 of Transcript)

EXHIBIT C

AMENDED SERIES 2000 A BOND

(Included in Tab 8 of Transcript)

EXHIBIT D

AMENDED SERIES 2000 B BOND

(Included in Tab 8 of Transcript)

EXHIBIT E

AMENDED SERIES 2001 A BOND

(Included in Tab 8 of Transcript)

EXHIBIT F

AMENDED SERIES 2006 A BOND

(Included in Tab 8 of Transcript)

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND,
SERIES 1992
(West Virginia SRF Program)

No. R-1

$11,900,000

KNOW ALL MEN BY THESE PRESENTS: That 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 ELEVEN MILLION NINE HUNDRED THOUSAND DOLLARS ($11,900,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in installments on March 1, June 1, September 1 and December 1 of each year, as set forth on the "Schedule of Annual Debt Service" 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 on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and until payment of such advances, and such interest shall be payable on March 1, June 1, September 1 and December 1 of each year. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated June 29, 1992.

This Bond is issued (i) to refund certain bond anticipation notes (the "Notes") of the Issuer heretofore issued to pay a portion of the costs of acquisition and construction

of certain additions, betterments and improvements for the existing public sewerage facilities of the combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to pay additional costs of acquisition and construction of the Project not otherwise provided for; (iii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iv) to pay certain costs of issuance hereof and related costs. The existing combined waterworks, sewerage and stormwater system of the Issuer, the Project, and any further additions, betterments or improvements thereto is herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), an Ordinance duly enacted by the Issuer on September 1, 1992 as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 1, 1992, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 2007 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is 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, from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1992 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1992 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided however, that so long as there exists in the Series 1992 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 reserve accounts established for any other obligations outstanding prior to or on a parity with the 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, shall be applied solely to repayment of the Notes and payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

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

[Remainder of Page Intentionally Left Blank]

SPECIMEN

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 August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

WEST VIRGINIA SRF LOAN PROGRAM

CITY OF MORGANTOWN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$10,557,655.00	9/8/92	(7)	$	
(2)	$ 398,771.03	10/14/92	(8)	$	
(3)	$ 616,442.00	11/18/92	(9)	$	
(4)	$ 273,849.97	12/18/92	(10)	$	
(5)	$ 54,282.00	1/07/93	(11)	$	
(6)	$		(12)	$	
		TOTAL		$ 11,900,000.00	

Loan closed 9/08/92

1/15/93 c Municipal Bond Commission
Division of Environmental Protection
Water Development Authority
Jackson & Kelly
City of Morgantown
Steptoe & Johnson

EXHIBIT B

CITY OF MORGANTOWN

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1992	-	-	-	-
3/01/1993	110,000.00	3.00000%	89,250.00	199,250.00
6/01/1993	110,000.00	3.00000%	88,425.00	198,425.00
9/01/1993	110,000.00	3.00000%	87,600.00	197,600.00
12/01/1993	110,000.00	3.00000%	86,775.00	196,775.00
3/01/1994	110,000.00	3.00000%	85,950.00	195,950.00
6/01/1994	115,000.00	3.00000%	85,125.00	200,125.00
9/01/1994	115,000.00	3.00000%	84,262.50	199,262.50
12/01/1994	115,000.00	3.00000%	83,400.00	198,400.00
3/01/1995	115,000.00	3.00000%	82,537.50	197,537.50
6/01/1995	115,000.00	3.00000%	81,675.00	196,675.00
9/01/1995	120,000.00	3.00000%	80,812.50	200,812.50
12/01/1995	120,000.00	3.00000%	79,912.50	199,912.50
3/01/1996	120,000.00	3.00000%	79,012.50	199,012.50
6/01/1996	120,000.00	3.00000%	78,112.50	198,112.50
9/01/1996	120,000.00	3.00000%	77,212.50	197,212.50
12/01/1996	120,000.00	3.00000%	76,312.50	196,312.50
3/01/1997	125,000.00	3.00000%	75,412.50	200,412.50
6/01/1997	125,000.00	3.00000%	74,475.00	199,475.00
9/01/1997	125,000.00	3.00000%	73,537.50	198,537.50
12/01/1997	125,000.00	3.00000%	72,600.00	197,600.00
3/01/1998	125,000.00	3.00000%	71,662.50	196,662.50
6/01/1998	130,000.00	3.00000%	70,725.00	200,725.00
9/01/1998	130,000.00	3.00000%	69,750.00	199,750.00
12/01/1998	130,000.00	3.00000%	68,775.00	198,775.00
3/01/1999	130,000.00	3.00000%	67,800.00	197,800.00
6/01/1999	130,000.00	3.00000%	66,825.00	196,825.00
9/01/1999	130,000.00	3.00000%	65,850.00	195,850.00
12/01/1999	135,000.00	3.00000%	64,875.00	199,875.00
3/01/2000	135,000.00	3.00000%	63,862.50	198,862.50
6/01/2000	135,000.00	3.00000%	62,850.00	197,850.00
9/01/2000	135,000.00	3.00000%	61,837.50	196,837.50
12/01/2000	140,000.00	3.00000%	60,825.00	200,825.00
3/01/2001	140,000.00	3.00000%	59,775.00	199,775.00
6/01/2001	140,000.00	3.00000%	58,725.00	198,725.00
9/01/2001	140,000.00	3.00000%	57,675.00	197,675.00
12/01/2001	140,000.00	3.00000%	56,625.00	196,625.00
3/01/2002	145,000.00	3.00000%	55,575.00	200,575.00
6/01/2002	145,000.00	3.00000%	54,487.50	199,487.50
9/01/2002	145,000.00	3.00000%	53,400.00	198,400.00
12/01/2002	145,000.00	3.00000%	52,312.50	197,312.50
3/01/2003	145,000.00	3.00000%	51,225.00	196,225.00
6/01/2003	150,000.00	3.00000%	50,137.50	200,137.50
9/01/2003	150,000.00	3.00000%	49,012.50	199,012.50
12/01/2003	150,000.00	3.00000%	47,887.50	197,887.50
3/01/2004	150,000.00	3.00000%	46,762.50	196,762.50
6/01/2004	155,000.00	3.00000%	45,637.50	200,637.50
9/01/2004	155,000.00	3.00000%	44,475.00	199,475.00
12/01/2004	155,000.00	3.00000%	43,312.50	198,312.50
3/01/2005	155,000.00	3.00000%	42,150.00	197,150.00
6/01/2005	155,000.00	3.00000%	40,987.50	195,987.50

CITY OF MORGANTOWN

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2005	160,000.00	3.00000%	39,825.00	199,825.00
12/01/2005	160,000.00	3.00000%	38,625.00	198,625.00
3/01/2006	160,000.00	3.00000%	37,425.00	197,425.00
6/01/2006	160,000.00	3.00000%	36,225.00	196,225.00
9/01/2006	165,000.00	3.00000%	35,025.00	200,025.00
12/01/2006	165,000.00	3.00000%	33,787.50	198,787.50
3/01/2007	165,000.00	3.00000%	32,550.00	197,550.00
6/01/2007	165,000.00	3.00000%	31,312.50	196,312.50
9/01/2007	170,000.00	3.00000%	30,075.00	200,075.00
12/01/2007	170,000.00	3.00000%	28,800.00	198,800.00
3/01/2008	170,000.00	3.00000%	27,525.00	197,525.00
6/01/2008	170,000.00	3.00000%	26,250.00	196,250.00
9/01/2008	175,000.00	3.00000%	24,975.00	199,975.00
12/01/2008	175,000.00	3.00000%	23,662.50	198,662.50
3/01/2009	175,000.00	3.00000%	22,350.00	197,350.00
6/01/2009	175,000.00	3.00000%	21,037.50	196,037.50
9/01/2009	180,000.00	3.00000%	19,725.00	199,725.00
12/01/2009	180,000.00	3.00000%	18,375.00	198,375.00
3/01/2010	180,000.00	3.00000%	17,025.00	197,025.00
6/01/2010	185,000.00	3.00000%	15,675.00	200,675.00
9/01/2010	185,000.00	3.00000%	14,287.50	199,287.50
12/01/2010	185,000.00	3.00000%	12,900.00	197,900.00
3/01/2011	185,000.00	3.00000%	11,512.50	196,512.50
6/01/2011	190,000.00	3.00000%	10,125.00	200,125.00
9/01/2011	190,000.00	3.00000%	8,700.00	198,700.00
12/01/2011	190,000.00	3.00000%	7,275.00	197,275.00
3/01/2012	195,000.00	3.00000%	5,850.00	200,850.00
6/01/2012	195,000.00	3.00000%	4,387.50	199,387.50
9/01/2012	195,000.00	3.00000%	2,925.00	197,925.00
12/01/2012	195,000.00	3.00000%	1,462.50	196,462.50
TOTAL	11,900,000.00		3,967,875.00	15,867,875.00

YIELD STATISTICS

Accrued Interest from 12/01/1992 to 12/01/1992	
Average Life	11.114 YEARS
Bond Years	132,262.50
Average Coupon	3.0000000%
Net Interest Cost (NIC)	3.0000000%
Bond Yield for Arbitrage Purposes	3.0112500%
True Interest Cost (TIC)	3.0112500%
Effective Interest Cost (EIC)	3.0112500%

SPECIMEN

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

7/30/07
627490.00019

MO359578.1

THE CITY OF MORGANTOWN

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

Table of Contents

Subject	Page
ARTICLE I STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01 Authority for this Ordinance	1
Section 1.02 Findings	1
Section 1.03 Bond Legislation Constitutes Contract	4
Section 1.04 Definitions	4
ARTICLE II AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01 Authorization of Acquisition and Construction of the Project	13
ARTICLE III AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01 Authorization of Bonds	14
Section 3.02 Terms of Bonds	14
Section 3.03 Execution of Bonds	15
Section 3.04 Authentication and Registration	15
Section 3.05 Negotiability, Transfer and Registration	15
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07 Bonds not to be Indebtedness of the Issuer	16
Section 3.08 Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds	17
Section 3.09 Delivery of Bonds	17
Section 3.10 Form of Series 1995 Bonds	17
FORM OF SERIES 1995 BOND	18
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	26
Section 3.12 "Amended Schedule A" Filing	26

ARTICLE IV
[RESERVED] 27

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank 28
Section 5.02 Establishment of Funds and Accounts with Commission 28
Section 5.03 System Revenues; Flow of Funds 29

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds 33
Section 6.02 Disbursements From the Bond Construction Trust Fund 33

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer 35
Section 7.02 Bonds not to be Indebtedness of the Issuer 35
Section 7.03 Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds 35
Section 7.04 Rates and Charges 35
Section 7.05 Sale of the System 35
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances 37
Section 7.07 Parity Bonds 37
Section 7.08 Books; Records and Facilities 39
Section 7.09 Rates 41
Section 7.10 Operating Budget; Audit and Monthly Financial Report 42
Section 7.11 Engineering Services and Operating Personnel 42
Section 7.12 No Competing Franchise 43
Section 7.13 Enforcement of Collections 43
Section 7.14 No Free Services 44
Section 7.15 Insurance and Construction Bonds 44
Section 7.16 Mandatory Connections 46
Section 7.17 Completion of Project; Permits and Orders 46
Section 7.18 Compliance with Loan Agreement and Law 46
Section 7.19 Tax Covenants 47
Section 7.20 Statutory Mortgage Lien 48

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01 Investments 49
Section 8.02 Arbitrage 49
Section 8.03 Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States 50

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	52
Section 9.02	Remedies	52
Section 9.03	Appointment of Receiver	52

ARTICLE X
DEFEASANCE

Section 10.01	Defeasance of Bonds	55

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	56
Section 11.02	Bond Legislation Constitutes Contract	56
Section 11.03	Severability of Invalid Provisions	56
Section 11.04	Headings, Etc.	56
Section 11.05	Conflicting Provisions Repealed	56
Section 11.06	Covenant of Due Procedure, Etc.	57
Section 11.07	Effective Date	57
Section 11.08	Statutory Notice and Public Hearing	57
	SIGNATURES	58
	CERTIFICATION	59

1995

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 $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (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 COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

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"), supplemental to the Prior Ordinances (as hereinafter defined), 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. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the reconstruction of three sewage lift stations, 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")

at an estimated cost of not more than $2,000,000, 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"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), in the total aggregate principal amount of not more than $2,000,000 (the "Series 1995 Bonds"), to be initially represented by a single bond, to permanently finance 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; interest upon the Series 1995 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1995 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 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 1995 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 1995 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 Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on parity with the Series 1995 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1987 (the "Series 1987 Bonds"), dated October 1, 1987, issued in the original aggregate principal amount of $12,360,000, pursuant to an ordinance of the Issuer enacted September 1, 1987 (the "1987 Ordinance"), and the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1992 (West Virginia SRF Program) (the "Series 1992 Bonds"), dated September 8, 1992, issued in the original aggregate principal

amount of $11,900,000, pursuant to an ordinance of the Issuer enacted September 1, 1992 (the "1992 Ordinance"). The Series 1987 Bonds and the Series 1992 Bonds are collectively herein called the "Prior Bonds," and the 1987 Ordinance and the 1992 Ordinance are collectively herein called the "Prior Ordinances".

The Issuer has met the parity test requirements of the Prior Bonds and the Prior Ordinances. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinances, all as such terms are hereinafter defined.

I. 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 1995 Bonds, or will have so complied prior to issuance of any thereof, including, if necessary, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1995 Bonds or such final order will not be subject to appeal.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1995 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1995 Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 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 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 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 1995 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

"Board" means the Morgantown Utility Board created by an ordinance of the Issuer enacted September 1, 1987, or any successor thereto.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"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 1995 Bonds, the Series 1992 Bonds, the 1987 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 1995 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1995 Bonds from the Authority.

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

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

"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 that shall at any time hereafter be retained by

the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

"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.

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

"Grant" means all moneys received by the Issuer on account of any Grant.

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type

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

"Issuer" means The City of 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 among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1995 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 1995 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"1987 Ordinance" means the ordinance of the Issuer enacted September 1, 1987, authorizing the Series 1987 Bonds.

"1992 Ordinance" means the ordinance of the Issuer enacted September 1, 1992, authorizing the Series 1992 Bonds.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all 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 any Prior Bond 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 and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders or Holders of any Prior Bond, any Bond or any Prior Bond 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 such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1987 Bonds and the Series 1992 Bonds of the Issuer.

"Prior Ordinances" means, collectively, the 1987 Ordinance and the 1992 Ordinance of the Issuer.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the 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, consisting of the reconstruction of three sewage lift stations, together with all appurtenant facilities.

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

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

"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 account established for the Series 1987 Bonds, the Series 1992 Bonds and the Series 1995 Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in any reserve account for the Bonds.

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

"Series 1987 Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1987, of the Issuer, dated October 1, 1987, issued in the original aggregate principal amount of $12,360,000.

"Series 1987 Bonds Reserve Account" means the Reserve Account established in the Sinking Fund of the Series 1987 Bonds pursuant to Section 4.01 of the 1987 Ordinance.

"Series 1987 Bonds Sinking Fund" means the Sinking Fund of the Series 1987 Bonds established by Section 4.01 of the 1987 Ordinance.

"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 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 of the 1992 Ordinance.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 of the 1992 Ordinance.

"Series 1995 Bonds" means the not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1995 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 Bonds in the then current or any succeeding year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking fund established for the Series 1987 Bonds, the Series 1992 Bonds and the Series 1995 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 1995 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1995 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 Bonds, including the respective Reserve Accounts and the Depreciation Fund.

"System" means the complete 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 further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF 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 $2,000,000, 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 1995 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 SRF Program.

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 1995 Bonds, funding a reserve account for the Series 1995 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1995 Bonds of the Issuer. The Series 1995 Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1995 (West Virginia SRF Program)", in the principal amount of not more than $2,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 Bonds remaining after funding of the Series 1995 Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1995 Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1995 Bonds 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 1995 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 1995 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 1995 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 1995 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1995 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. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1995 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 1995 Bonds shall

cease to be such officer of the Issuer before the Series 1995 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 1995 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 1995 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 1995 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 1995 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 1995 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 1995 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 1995 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 1995 Bonds or transferring the registered Series 1995 Bonds are exercised, all Series 1995 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1995 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1995 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 1995 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1995 Bonds or, in the case of any proposed redemption of

Series 1995 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 1995 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 1995 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1995 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of all Series 1995 Bonds shall be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, on 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 and other payments for the 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 1995 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1995 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 1995 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 1995 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 1995 Bonds.

Section 3.10. Form of Series 1995 Bonds. The text of the Series 1995 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 1995 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That 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 _____ 1, _____ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 199___, as set forth on the "Schedule of Annual Debt Service" 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 on such advances and the SRF Administrative Fee shall run from the Completion Date (all as defined in the hereinafter described Bond Legislation), and such interest and SRF Administrative Fee shall be payable quarterly on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 199___, as set forth in 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 199___.

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 interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing 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"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (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 PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1987, DATED OCTOBER 1, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,360,000 (THE "SERIES 1987 BONDS"), AND 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"). THE SERIES 1987 BONDS AND THE SERIES 1992 BONDS ARE HEREIN COLLECTIVELY CALLED 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 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 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 1995 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 prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Series 1987 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that if the Series 1987 Bonds are no longer outstanding and so long as there exists in the Series 1995 Bonds Reserve Account an amount at least equal to the

maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the 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 in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside 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 _____, 199____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 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: _____, 1995.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1995 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.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

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

(1) Revenue Fund (established by the 1987 Ordinance);

(2) Depreciation Fund (established by the 1987 Ordinance);

(3) Operation and Maintenance Fund (established by the 1987 Ordinance); and

(4) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinances) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 1987 Bonds Sinking Fund (established by the 1987 Ordinance);

(2) Within the Series 1987 Bonds Sinking Fund, the Series 1987 Bonds Reserve Account (established by the 1987 Ordinance);

(3) Series 1992 Bonds Sinking Fund (established by the 1992 Ordinance);

(4) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account (established by the 1992 Ordinance);

(5) Series 1995 Bonds Sinking Fund; and

(6) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account.

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

(1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amounts required by the 1987 Ordinance to be deposited in the Series 1987 Bonds Sinking Fund for payment of the principal of and interest on the Series 1987 Bonds, (ii) remit to the Commission the amounts required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Sinking Fund for payment of the principal of and interest on the Series 1992 Bonds, (iii) commencing 4 months prior to the first date of payment of interest on the Series 1995 Bonds for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1995 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 1995 Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (iv) commencing 4 months prior to the first date of payment of principal of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1995 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 1995 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the 1987 Ordinance to be deposited in the Series 1987 Bonds Reserve Account; (ii) remit to the Commission the amount required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Reserve Account; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1995 Bonds, if not fully funded upon issuance of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1995 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 1995 Bonds Reserve Requirement.

(3) 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.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinances and not in addition thereto), transfer to the Depreciation Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the 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 Series 1987 Bonds Reserve Account, the Series 1992 Bonds Reserve Account and the Series 1995 Bonds Reserve Account (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.

(5) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, accrue the surplus then remaining in the Revenue Fund until there is on deposit in the Revenue Fund, a sum equal to the budgeted Operating Expenses for the remainder of the then current Fiscal Year and the next ensuing Fiscal Year. Any excess of moneys then remaining in the Revenue Fund ("Surplus Revenues") may be used for any lawful purpose of the System.

Moneys in the Series 1995 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1995 Bonds as the same shall become due. Moneys in the Series 1995 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1995 Bonds as the same shall come due, when other moneys in the Series 1995 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1995 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full to the Series 1987 Bonds Sinking Fund, the Series 1992 Bonds Sinking Fund and the Series 1995 Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1995 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund, or the Series 1995 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1995 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Prior Bonds and Series 1995 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 1995 Bonds Sinking Fund and the Series 1995 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.

Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1995 Bonds Sinking Fund, including the Series 1995 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1995 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. 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 principal, interest and reserve payments with respect to the Series 1995 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, 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. 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, fees and expenses then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

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

F. 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 relevant provisions of the Prior Ordinances, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1995 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of the Series 1995 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 1995 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1995 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1995 Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1995 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1995 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund 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 as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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 1995 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 1995 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 1995 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 1995 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1995 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1995 Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System, on parity with the lien on said Gross Revenues in favor of the Holders of the Prior Bonds. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted November 29, 1994, and the sewer rate ordinance of the Issuer enacted November 4, 1992, which rates are incorporated herein by reference as a part hereof.

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 the System, except as provided in the Prior Ordinances. Additionally, so long as the Series 1995 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease the pledge created by this Bond Legislation 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 1995 Bonds, immediately be remitted to the Commission for deposit in the Series 1995 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the

Series 1995 Bonds. Any balance remaining after the payment of all the Series 1995 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, in writing, 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, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $50,000 and not in excess of $200,000, shall be deposited in the Depreciation Fund.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $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 60% in amount 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 the Tibbs Run reservoir properties consisting of about 80 acres, and a tract of about 200 acres on Mayfield Road heretofore acquired for the System, neither of which properties is now being used or is useful for the System, such sales to be at such times and in such manner and for such prices as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sales 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. Furthermore, the Board and the Issuer are hereby authorized to negotiate, lease and otherwise dispose of the oil and gas minerals underlying a tract of real estate situate in Clinton Taxing District, Monongalia County, West Virginia, and containing 104 acres, more or less, for a royalty of not less than 1/8th of all oil and gas produced from said property, or a delay rental of not less than $312.00 per year, for a primary term of not to exceed 8 years. All moneys received from the leasing of the aforesaid oil and gas or from any other property of the System shall be deposited in the Revenue Fund and expended therefrom as provided herein.

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 1995 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 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 1995 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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

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 System, 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 any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during the Fiscal Year preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall, so long as any of the Series 1987 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 Ordinance then Outstanding; and

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

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

The Net Revenues actually derived from the System during the preceding Fiscal Year hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, and filed with the City Clerk, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which has 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. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. 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 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 Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds, and shall mail in each year to any Holder or Holders of the Series 1995 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 Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1995 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

The Board 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 or 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 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. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all 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 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 Bonds, including the Prior Bonds, so long as the Series 1987 Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event the Series 1987 Bonds are no longer Outstanding and amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1995 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1995 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 1995 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1995 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit 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 registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the 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 any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Board shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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 as Exhibit B, 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 will 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 resident 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 resident engineer shall certify to the Authority, the DEP and the Board at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Board shall 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 Board shall notify the DEP in writing of such receipt. The Board 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 Board 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 Board agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Board shall notify the DEP in writing of the certified operator employed at the 25% 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 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Board further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, 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 1995 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 Board, the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the 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 Issuer and the Board from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer and the Board from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the 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 the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) 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.

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

(6) FIDELITY BONDS will be provided as to every officer, member 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.

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 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. 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 portion 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 Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Board will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the

West Virginia Public Service Commission, if necessary, for the acquisition and construction of the Project and the operation of the System.

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

The Issuer and the Board also agree to comply with all applicable laws, rules and regulations issued by the Authority, the 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 1995 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 1995 Bonds during the term thereof is, under the terms of the Series 1995 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 1995 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 1995 Bonds during the term thereof is, under the terms of the Series 1995 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 1995 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 1995 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1995 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 1995 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 Bonds

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

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1995 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1995 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 1995 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, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. 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 1995 Bonds which would cause the Series 1995 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 1995 Bonds) so that the interest on the Series 1995 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. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1995 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1995 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private

activity bonds) issued by the Issuer during the calendar year in which the Series 1995 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 1995 Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1995 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations form time to time in effect and applicable to the Series 1995 Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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 or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1995 Bonds subject to rebate. The Issuer shall also furnish 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 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 Bonds:

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

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

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

(4) If default occurs with respect to the Prior Bonds or the Prior 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 that, all rights and remedies of the Holders of the Series 1995 Bonds shall be on a parity with 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 ereby, 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 the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Gross Revenues and other 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 1995 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 1995 Bonds from gross income for federal income tax purposes.

Series 1995 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1995 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1995 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1995 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1995 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 Bonds, shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the 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 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 1995 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 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. 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 were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the 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 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:	-	February 7, 1995
Passed on Second Reading:	-	February 21, 1995
Passed on Final Reading Following Public Hearing:	-	March 8, 1995

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 8th day of March, 1995.

Dated: April 27, 1995.

[SEAL]

_____
City Clerk

04/20/95
MCWSJ.A3
627490/94001

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1995
(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 1995 (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF MORGANTOWN; RATIFYING AND APPROVING 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.

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 March 8, 1995 (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 $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1995 (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 Combined Waterworks and Sewerage System Revenue Bonds, Series 1995 (West Virginia SRF Program), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $2,000,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), 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; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, 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 1995 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $1,601,477. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2015, and shall bear interest at the rate of 2% per annum. The Bonds shall be payable quarterly in principal installments and interest on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, and ending December 1, 2015, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The 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 Bonds.

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 General Manager of the Morgantown Utility Board, 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 application 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 approve the administrative fee equal to 1% of the principal amount of the Bonds set forth in the Loan Agreement.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds 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, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the City Manager,

and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 7. The Issuer does hereby appoint Huntington National Bank West Virginia, Morgantown, West Virginia, as Depository Bank under the Bond Ordinance.

Section 8. Series 1995 Bonds proceeds in the amount of $-0- shall be deposited in the Series 1995 Bonds Sinking Fund, as capitalized interest.

Section 9. Series 1995 Bonds proceeds in the amount of $97,352 shall be deposited in the Series 1995 Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The Mayor, City Manager and City Clerk of the Issuer and the General Manager of the Morgantown Utility Board 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 April 27, 1995, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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 1995 Bonds Sinking Fund, including the Series 1995 Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. 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 the treatment afforded by

Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1995, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

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

Adopted this 18th day of April, 1995.

THE CITY OF MORGANTOWN

_____
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 18th day of April, 1995.

Dated: April 27, 1995.

[SEAL]

_____
City Clerk

04/06/95
MCWSC.B2
627490/94001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND,
SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

No. R-1

$1,601,477

KNOW ALL MEN BY THESE PRESENTS: That 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 ONE MILLION SIX HUNDRED ONE THOUSAND FOUR HUNDRED SEVENTY-SEVEN DOLLARS ($1,601,477), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, as set forth on the "Schedule of Annual Debt Service" 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 on such advances and the SRF Administrative Fee shall run from the Completion Date (all as defined in the hereinafter described Bond Legislation), and such interest and SRF Administrative Fee shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, as set forth in 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 upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated March 20, 1995.

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, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks, sewerage, and stormwater 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"), and a Bond Ordinance duly enacted by the Issuer on March 8, 1995, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 18, 1995, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 2007 (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 PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S COMBINED UTILITY 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"). THE SERIES 1992 BONDS ARE HEREIN SOMETIMES REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on 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 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations; nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 1995 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and

interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1995 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the 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 in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross Revenues of the System has been pledged to and will be set aside 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.

SPECIMEN

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 August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1995 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 199,260.00	4/27/95	(7)	$ 90,927.00	11/17/95
(2)	$ 26,195.00	06/14/95	(8)	$ 44,464.00	12/26/95
(3)	$ 33,653.00	07/21/95	(9)	$343,717.00	01/22/96
(4)	$ 25,373.00	08/31/95	(10)	$183,472.00	02/29/96
(5)	$ 50,171.00	09/19/95	(11)	$165,649.00	03/27/96
(6)	$ 100,689.00	10/17/95	(12)	$ 80,490.00	05/07/96

TOTAL $ 1,601,477.00

(13)	$ 68,127.00	06/11/96
(14)	$ 73,389.00	06/11/97
(15)	$115,901.00	07/28/98

WEST VIRGINIA STATE REVOLVING FUND PROGRAM - MORGANTOWN, CITY OF

Loan closed 04/27/95

08/13/98 c Municipal Bond Commission
Division of Environmental Protection
Water Development Authority
Jackson & Kelly
City of Morgantown
Steptoe & Johnson

SCHEDULE Y

SRF Closed 4/27/95

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1995	-	-	-	-
3/01/1996	16,330.00	2.00000%	8,007.39	24,337.39
6/01/1996	16,412.00	2.00000%	7,925.74	24,337.74
9/01/1996	16,494.00	2.00000%	7,843.68	24,337.68
12/01/1996	16,577.00	2.00000%	7,761.21	24,338.21
3/01/1997	16,659.00	2.00000%	7,678.32	24,337.32
6/01/1997	16,743.00	2.00000%	7,595.03	24,338.03
9/01/1997	16,826.00	2.00000%	7,511.31	24,337.31
12/01/1997	16,911.00	2.00000%	7,427.18	24,338.18
3/01/1998	16,995.00	2.00000%	7,342.63	24,337.63
6/01/1998	17,080.00	2.00000%	7,257.65	24,337.65
9/01/1998	17,165.00	2.00000%	7,172.25	24,337.25
12/01/1998	17,251.00	2.00000%	7,086.43	24,337.43
3/01/1999	17,338.00	2.00000%	7,000.17	24,338.17
6/01/1999	17,424.00	2.00000%	6,913.48	24,337.48
9/01/1999	17,511.00	2.00000%	6,826.36	24,337.36
12/01/1999	17,599.00	2.00000%	6,738.81	24,337.81
3/01/2000	17,687.00	2.00000%	6,650.81	24,337.81
6/01/2000	17,775.00	2.00000%	6,562.38	24,337.38
9/01/2000	17,864.00	2.00000%	6,473.50	24,337.50
12/01/2000	17,954.00	2.00000%	6,384.18	24,338.18
3/01/2001	18,043.00	2.00000%	6,294.41	24,337.41
6/01/2001	18,134.00	2.00000%	6,204.20	24,338.20
9/01/2001	18,224.00	2.00000%	6,113.53	24,337.53
12/01/2001	18,315.00	2.00000%	6,022.41	24,337.41
3/01/2002	18,407.00	2.00000%	5,930.83	24,337.83
6/01/2002	18,499.00	2.00000%	5,838.80	24,337.80
9/01/2002	18,591.00	2.00000%	5,746.30	24,337.30
12/01/2002	18,684.00	2.00000%	5,653.35	24,337.35
3/01/2003	18,778.00	2.00000%	5,559.93	24,337.93
6/01/2003	18,872.00	2.00000%	5,466.04	24,338.04
9/01/2003	18,966.00	2.00000%	5,371.68	24,337.68
12/01/2003	19,061.00	2.00000%	5,276.85	24,337.85
3/01/2004	19,156.00	2.00000%	5,181.54	24,337.54
6/01/2004	19,252.00	2.00000%	5,085.76	24,337.76
9/01/2004	19,348.00	2.00000%	4,989.50	24,337.50
12/01/2004	19,445.00	2.00000%	4,892.76	24,337.76
3/01/2005	19,542.00	2.00000%	4,795.54	24,337.54
6/01/2005	19,640.00	2.00000%	4,697.83	24,337.83
9/01/2005	19,738.00	2.00000%	4,599.63	24,337.63
12/01/2005	19,837.00	2.00000%	4,500.94	24,337.94
3/01/2006	19,936.00	2.00000%	4,401.75	24,337.75
6/01/2006	20,036.00	2.00000%	4,302.07	24,338.07
9/01/2006	20,136.00	2.00000%	4,201.89	24,337.89
12/01/2006	20,237.00	2.00000%	4,101.21	24,338.21
3/01/2007	20,338.00	2.00000%	4,000.03	24,338.03
6/01/2007	20,439.00	2.00000%	3,898.34	24,337.34
9/01/2007	20,542.00	2.00000%	3,796.14	24,338.14
12/01/2007	20,644.00	2.00000%	3,693.43	24,337.43
3/01/2008	20,748.00	2.00000%	3,590.21	24,338.21
6/01/2008	20,851.00	2.00000%	3,486.47	24,337.47

Ferris, Baker Watts, Inc
Public Finance Department

FILE = MGT
3/20/1995 11:36 AM

SCHEDULE Y

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2008	20,955.00	2.00000%	3,382.22	24,337.22
12/01/2008	21,060.00	2.00000%	3,277.44	24,337.44
3/01/2009	21,166.00	2.00000%	3,172.14	24,338.14
6/01/2009	21,271.00	2.00000%	3,066.31	24,337.31
9/01/2009	21,378.00	2.00000%	2,959.96	24,337.96
12/01/2009	21,485.00	2.00000%	2,853.07	24,338.07
3/01/2010	21,592.00	2.00000%	2,745.64	24,337.64
6/01/2010	21,700.00	2.00000%	2,637.68	24,337.68
9/01/2010	21,809.00	2.00000%	2,529.18	24,338.18
12/01/2010	21,918.00	2.00000%	2,420.14	24,338.14
3/01/2011	22,027.00	2.00000%	2,310.55	24,337.55
6/01/2011	22,137.00	2.00000%	2,200.41	24,337.41
9/01/2011	22,248.00	2.00000%	2,089.73	24,337.73
12/01/2011	22,359.00	2.00000%	1,978.49	24,337.49
3/01/2012	22,471.00	2.00000%	1,866.69	24,337.69
6/01/2012	22,583.00	2.00000%	1,754.34	24,337.34
9/01/2012	22,696.00	2.00000%	1,641.42	24,337.42
12/01/2012	22,810.00	2.00000%	1,527.94	24,337.94
3/01/2013	22,924.00	2.00000%	1,413.89	24,337.89
6/01/2013	23,038.00	2.00000%	1,299.27	24,337.27
9/01/2013	23,154.00	2.00000%	1,184.08	24,338.08
12/01/2013	23,269.00	2.00000%	1,068.31	24,337.31
3/01/2014	23,386.00	2.00000%	951.97	24,337.97
6/01/2014	23,503.00	2.00000%	835.04	24,338.04
9/01/2014	23,620.00	2.00000%	717.52	24,337.52
12/01/2014	23,738.00	2.00000%	599.42	24,337.42
3/01/2015	23,857.00	2.00000%	480.73	24,337.73
6/01/2015	23,976.00	2.00000%	361.45	24,337.45
9/01/2015	24,096.00	2.00000%	241.57	24,337.57
12/01/2015	24,217.00	2.00000%	121.09	24,338.09
TOTAL	1,601,477.00	-	345,539.57	1,947,016.57

Ferris, Baker Watts, Inc
Public Finance Department

FILE = MGT
3/20/1995 11:36 AM

YIELD STATISTICS

Accrued Interest from 12/01/1995 to 12/01/1995...	-
Average Life.....	10.788 YEARS
Bond Years.....	17,276.97
Average Coupon.....	2.0000000%
Net Interest Cost (NIC).....	2.0000000%
Bond Yield for Arbitrage Purposes.....	3.0110137%
True Interest Cost (TIC).....	2.0050000%
Effective Interest Cost (EIC).....	3.0110137%

SCHEDULE Y

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

DATE	DEBT SERVICE	TOTAL EXPENSE	NEW NET D/S
12/01/1995	-	-	-
3/01/1996	24,337.39	4,003.69	28,341.08
6/01/1996	24,337.74	3,962.87	28,300.61
9/01/1996	24,337.68	3,921.84	28,259.52
12/01/1996	24,338.21	3,880.60	28,218.81
3/01/1997	24,337.32	3,839.16	28,176.48
6/01/1997	24,338.03	3,797.51	28,135.54
9/01/1997	24,337.31	3,755.66	28,092.97
12/01/1997	24,338.18	3,713.59	28,051.77
3/01/1998	24,337.63	3,671.31	28,008.94
6/01/1998	24,337.65	3,628.83	27,966.48
9/01/1998	24,337.25	3,586.13	27,923.38
12/01/1998	24,337.43	3,543.21	27,880.64
3/01/1999	24,338.17	3,500.09	27,838.25
6/01/1999	24,337.48	3,456.74	27,794.22
9/01/1999	24,337.36	3,413.18	27,750.54
12/01/1999	24,337.81	3,369.40	27,707.21
3/01/2000	24,337.81	3,325.41	27,663.22
6/01/2000	24,337.38	3,281.19	27,618.57
9/01/2000	24,337.50	3,236.75	27,574.25
12/01/2000	24,338.18	3,192.09	27,530.27
3/01/2001	24,337.41	3,147.21	27,484.61
6/01/2001	24,338.20	3,102.10	27,440.30
9/01/2001	24,337.53	3,056.76	27,394.29
12/01/2001	24,337.41	3,011.20	27,348.61
3/01/2002	24,337.83	2,965.42	27,303.25
6/01/2002	24,337.80	2,919.40	27,257.20
9/01/2002	24,337.30	2,873.15	27,210.45
12/01/2002	24,337.35	2,826.67	27,164.02
3/01/2003	24,337.93	2,779.96	27,117.89
6/01/2003	24,338.04	2,733.02	27,071.06
9/01/2003	24,337.68	2,685.84	27,023.52
12/01/2003	24,337.85	2,638.42	26,976.27
3/01/2004	24,337.54	2,590.77	26,928.31
6/01/2004	24,337.76	2,542.88	26,880.64
9/01/2004	24,337.50	2,494.75	26,832.25
12/01/2004	24,337.76	2,446.38	26,784.14
3/01/2005	24,337.54	2,397.77	26,735.31
6/01/2005	24,337.83	2,348.91	26,686.74
9/01/2005	24,337.63	2,299.81	26,637.44
12/01/2005	24,337.94	2,250.47	26,588.41
3/01/2006	24,337.75	2,200.88	26,538.63
6/01/2006	24,338.07	2,151.04	26,489.11
9/01/2006	24,337.89	2,100.95	26,438.84
12/01/2006	24,338.21	2,050.61	26,388.82

Ferris, Baker Watts, Inc
Public Finance Department

FILE = MGT
3/20/1995 11:37 AM

SCHEDULE Y

City of Morgantown
$1,601,477
2% Interest Rate and 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

DATE	DEBT SERVICE	TOTAL EXPENSE	NEW NET D/S
3/01/2007	24,338.03	2,000.01	26,338.04
6/01/2007	24,337.34	1,949.17	26,286.51
9/01/2007	24,338.14	1,898.07	26,236.21
12/01/2007	24,337.43	1,846.72	26,184.15
3/01/2008	24,338.21	1,795.11	26,133.32
6/01/2008	24,337.47	1,743.24	26,080.71
9/01/2008	24,337.22	1,691.11	26,028.33
12/01/2008	24,337.44	1,638.72	25,976.16
3/01/2009	24,338.14	1,586.07	25,924.21
6/01/2009	24,337.31	1,533.16	25,870.47
9/01/2009	24,337.96	1,479.98	25,817.94
12/01/2009	24,338.07	1,426.53	25,764.60
3/01/2010	24,337.64	1,372.82	25,710.46
6/01/2010	24,337.68	1,318.84	25,656.52
9/01/2010	24,338.18	1,264.59	25,602.77
12/01/2010	24,338.14	1,210.07	25,548.21
3/01/2011	24,337.55	1,155.27	25,492.82
6/01/2011	24,337.41	1,100.21	25,437.61
9/01/2011	24,337.73	1,044.86	25,382.59
12/01/2011	24,337.49	989.24	25,326.73
3/01/2012	24,337.69	933.35	25,271.04
6/01/2012	24,337.34	877.17	25,214.51
9/01/2012	24,337.42	820.71	25,158.13
12/01/2012	24,337.94	763.97	25,101.91
3/01/2013	24,337.89	706.95	25,044.84
6/01/2013	24,337.27	649.64	24,986.91
9/01/2013	24,338.08	592.04	24,930.12
12/01/2013	24,337.31	534.16	24,871.47
3/01/2014	24,337.97	475.98	24,813.95
6/01/2014	24,338.04	417.52	24,755.56
9/01/2014	24,337.52	358.76	24,696.28
12/01/2014	24,337.42	299.71	24,637.13
3/01/2015	24,337.73	240.37	24,578.10
6/01/2015	24,337.45	180.72	24,518.17
9/01/2015	24,337.57	120.69	24,458.26
12/01/2015	24,338.09	-	24,338.09
TOTAL	1,947,016.57	172,709.15	2,119,725.72

Ferris, Baker Watts, Inc
Public Finance Department

FILE = MGT
3/20/1995 11:37 AM

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

07/30/07
627490.00019

THE CITY OF MORGANTOWN

COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

Table of Contents

Subject		Page
	ARTICLE I STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	5
Section 1.04	Definitions	5
	ARTICLE II AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01	Authorization of Acquisition and Construction of the Project	16
	ARTICLE III AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01	Authorization of Bonds	17
Section 3.02	Terms of Bonds	17

Section 3.03	Execution of Bonds	18
Section 3.04	Authentication and Registration	18
Section 3.05	Negotiability, Transfer and Registration	18
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	19
Section 3.07	Bonds not to be Indebtedness of the Issuer	19
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds	20
Section 3.09	Delivery of Bonds	20
Section 3.10	Form of Bonds	20
	FORM OF SERIES 2000 A BOND	21
	FORM OF SERIES 2000 B BOND	29
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	37
Section 3.12	"Amended Schedule B" Filing	37

ARTICLE IV

[RESERVED] 38

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	39
Section 5.02	Establishment of Funds and Accounts with Commission	39
Section 5.03	System Revenues; Flow of Funds	40
Section 5.04	Reserve Account Letter of Credit or Surety Bond	

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	46
Section 6.02	Disbursements From the Respective Bond Construction Trust Funds	47

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	49
Section 7.02	Bonds not to be Indebtedness of the Issuer	49
Section 7.03	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds	49
Section 7.04	Rates and Charges	49

Section 7.05	Sale of the System	50
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	51
Section 7.07	Parity Bonds	52
Section 7.08	Books; Records and Audit	53
Section 7.09	Rates	55
Section 7.10	Operating Budget and Monthly Financial Report	56
Section 7.11	Engineering Services and Operating Personnel	56
Section 7.12	No Competing Franchise	58
Section 7.13	Enforcement of Collections	58
Section 7.14	No Free Services	58
Section 7.15	Insurance and Construction Bonds	59
Section 7.16	Mandatory Connections	61
Section 7.17	Completion of Project; Permits and Orders	61
Section 7.18	Compliance with Loan Agreement and Law	61
Section 7.19	Tax Covenants	61
Section 7.20	Securities Laws Compliance	62
Section 7.21	Contracts; Public Releases	63
Section 7.22	Statutory Mortgage Lien	63

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	64
Section 8.02	Arbitrage and Tax Exemption	64

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	66
Section 9.02	Remedies	66
Section 9.03	Appointment of Receiver	66

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	69

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	70
Section 11.02	Bond Legislation Constitutes Contract	70

Section 11.03	Severability of Invalid Provisions	70
Section 11.04	Headings, Etc.	70
Section 11.05	Conflicting Provisions Repealed; Prior Ordinances	70
Section 11.06	Covenant of Due Procedure, Etc.	71
Section 11.07	Effective Date	71
Section 11.08	Statutory Notice and Public Hearing	71
	SIGNATURES	72
	CERTIFICATION	73
	EXHIBIT A	74

2000 A &
2000 B

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 $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE 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, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of 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. Certain domestic, commercial and industrial residents located outside the corporate boundaries of the Issuer, in the Cheat Lake area of Monongalia County, West Virginia (the "Cheat Lake Area") are currently either not served by a public sewerage system or are served by public sewerage systems which are inadequate, obsolete and inefficient. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed in the Cheat Lake Area certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a 750,000 GPD wastewater treatment facility, 18,500 feet of 8-inch and 10-inch gravity sewer line to the Sunset Beach Road area, 5,700 feet of 8-inch gravity sewer line to the Rolling Hills Mobile Home Park, 2,500 feet of 8-inch gravity sewer line to the Cheat Canyon Park subdivision, 5,800 feet of 12-inch, 15-inch and 18-inch gravity interceptor along Whites Run, 1,600 GPM sewage lift station on property along Tyrone Road near Babbling Brook, a 12-inch force main, 8,800 feet long, that will extend from the lift station to the wastewater treatment plant, and two small lift stations, 75 GPM, near the Cheat Canyon Park subdivision, 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 and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $10,500,000 in two series (collectively, the "Series 2000 Bonds"), being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), in the aggregate principal amount of not more than $8,000,000 (the "Series 2000 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $2,500,000 (the "Series 2000 B 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; interest upon the Series 2000 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, 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 2000 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 2000 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both the bond purchase agreement and the loan agreement in form satisfactory to the respective parties (collectively, the bond purchase agreement and the loan agreement are referred to herein as 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 2000 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"), and 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") (collectively with the Cheat Neck Public Service District Bond as hereinafter defined, the "Prior Bonds"). There is outstanding an obligation of the Issuer

which will rank junior and subordinate to the Series 2000 Bonds as to lien, pledge, source of and security for payment being the Issuer's Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, issued in the original aggregate principal amount of $313,000 (the "Cheat Neck Public Service District Bond").

H. Prior to the issuance of the Series 2000 Bonds, the Issuer will obtain (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 and the Series 1995 Bonds to the issuance of the Series 2000 Bonds on a parity with the Series 1992 Bonds and the Series 1995 Bonds. The written consent of the holders of the Series 1997 Bonds to the issuance of the Series 2000 Bonds on a parity with the Series 1997 Bonds is not required. The written consent of the holders of the Cheat Neck Public Service District Bond to the issuance of the Series 2000 Bonds on a senior and prior basis to the Cheat Neck Public Service District Bond 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 Resolutions.

I. The rates and charges in effect and applicable to the customers of the System located in the Cheat Lake Area upon completion of the Project (which rates and charges are greater than the rates and charges applicable to customers of the System who are not located in the Cheat Lake Area) have been determined to be sufficient, on an independent basis, to provide for payment of the principal of and interest on the Series 2000 Bonds and to provide for payment of all Operating Expenses of the Project, and the Issuer has agreed to issue the Series 2000 Bonds based upon such determination and its understanding that the Project will have no effect on the rates and charges of the System applicable to customers outside the Cheat Lake Area. Notwithstanding any provision of this Section 1.02I to the contrary, the Bonds are secured by a pledge of the Gross Revenues of the System.

J. 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 2000 Bonds and the Prior Bonds and to make payments into all funds and accounts and other payments provided for herein.

K. 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 2000 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, 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 2000 Bonds or such final order will not be subject to appeal.

L. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1999 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer).

M. 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 2000 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 2000 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, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 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 and the Council under the Act.

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

"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 2000 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.

"Cheat Neck PSD Bond" means the $313,000 Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, payable by NMP, Limited Partnership, a West Virginia limited partnership, to the United States Department of Agriculture, Rural Utilities Service, the obligation for payment of the principal of and interest on which has been assumed by the Issuer in the event that NMP Partnership fails to make such payment when due, which obligation of the Issuer is junior and subordinate to the Issuer's obligation to pay the Prior Bonds and the Series 2000 Bonds.

"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 2000 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 2000 Bonds from the Authority.

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

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

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

"Consulting Engineers" means, collectively, Strand Associates, Inc., Madison, Wisconsin, and Burgess & Niple Limited, Charleston, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be

procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions 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.

"First Lien Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds and the Series 1997 Bonds.

"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.

"Grant" means all grant moneys received by the Issuer for the Project.

"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 any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means The City of 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, collectively, the bond purchase 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 2000 A Bonds from the Issuer by the Authority, and the loan agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2000 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 2000 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, collectively, 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, collectively, 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, collectively, 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, collectively, the ordinance of the Issuer enacted February 15, 2000, as supplemented by the Supplemental Resolution of the Issuer adopted February 15, 2000.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2001 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2001 A Bonds.

"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, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for 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 2000 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 1997 Bonds and Cheat Neck Public Service District Bond.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted on September 1, 1992, as supplemented by the supplemental resolution of the Issuer adopted on September 1, 1992, authorizing the issuance of the Series 1992 Bonds (the "1992 Ordinance"), the ordinance of the Issuer enacted on March 8, 1995, as supplemented by the supplemental resolution of the Issuer adopted on April 18, 1995, authorizing the issuance of the Series 1995 Bonds (the "1995 Ordinance"), and the ordinance of the Issuer enacted on June 3, 1997, as supplemented by the supplemental resolution of the Issuer adopted on June 12, 1997, authorizing the issuance of the Series 1997 Bonds (the "1997 Ordinance").

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"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 2000 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 2000 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 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 of the 1992 Ordinance.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 of the 1992 Ordinance.

"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 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 of the 1995 Ordinance.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 of the 1995 Ordinance.

"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 1997 Bonds Redemption Account" means the Redemption Account established by Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Reserve Account" means the Reserve Account established in the Series 1997 Bonds Sinking Fund pursuant to Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Sinking Fund" means the Sinking Fund of the Series 1997 Bonds established by Section 4.02 of the 1997 Ordinance.

"Series 2000 A Bonds" means the Combined Waterworks and Sewerage Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 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 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Bonds" means the Combined Waterworks and Sewerage Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2000 B Bonds Construction Trust Fund" means the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 Bonds" means, collectively, the Series 2000 A Bonds and the Series 2000 B Bonds.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2000 A Bonds.

"SRF Program" means the West Virginia 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 2000 Bonds; provided, that any matter intended by this Ordinance to be included in the

Supplemental Resolution with respect to the Series 2000 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 2000 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund 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.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $10,500,000, 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 2000 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, the Council and the Authority.

The cost of the Project is estimated not to exceed $10,500,000, of which approximately $8,000,000 will be obtained from proceeds of the Series 2000 A Bonds, and approximately $2,500,000 will be obtained from proceeds of the Series 2000 B Bonds.

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 2000 Bonds, funding reserve accounts for the Series 2000 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2000 Bonds of the Issuer. The Series 2000 Bonds shall be issued in two series, each as a single bond, designated respectively as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program)," in the principal amount of not more than $8,000,000, and the "Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $2,500,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2000 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 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 2000 Bonds, if any, shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2000 Bonds. The Series 2000 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal

installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2000 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 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 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 2000 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 2000 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 2000 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 2000 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 2000 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 2000 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 2000 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 2000 Bonds or transferring the registered Series 2000 Bonds are exercised, all Series 2000 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2000 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 2000 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 Bonds or, in the case of any proposed redemption of Series 2000 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 2000 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 2000 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 2000 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured equally and ratably with each other 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 First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holder of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 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 2000 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2000 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 2000 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 2000 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 2000 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 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:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $7,842,000

KNOW ALL MEN BY THESE PRESENTS: That 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 SEVEN MILLION EIGHT HUNDRED FORTY TWO THOUSAND DOLLARS ($7,842,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

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 Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated February 8, 2000.

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"); and (ii) to pay certain costs of issuance of the Bonds of this Series (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"), and a Bond Ordinance duly enacted by the Issuer on February 15, 2000, and a Supplemental Resolution duly adopted by the Issuer on February 15, 2000 (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"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS") (COLLECTIVELY THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS, TO THE ISSUER'S CHEAT NECK PUBLIC SERVICE DISTRICT BOND, SERIES 1992, DATED DECEMBER 16, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $313,000 (THE "CHEAT NECK PUBLIC SERVICE DISTRICT BOND").

THE SERIES 1992 BONDS, THE SERIES 1995 BONDS, THE SERIES 1997 BONDS, AND THE CHEAT NECK PUBLIC SERVICE DISTRICT BOND ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of 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 Series 2000 B Bonds and the First Lien Bonds, and senior and prior to the Cheat Neck Public Service District Bond and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, 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, if any, hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 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, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds and 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 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 B Bonds and 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the 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 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 February 29, 2000.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: February 29, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$442,974	02/29/00	(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

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $2,488,000

KNOW ALL MEN BY THESE PRESENTS: That 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 TWO MILLION FOUR HUNDRED EIGHTY EIGHT THOUSAND DOLLARS ($2,488,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated February 8, 2000.

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"); and (ii) to pay certain costs of issuance of the Bonds of this Series (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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 15, 2000, and a Supplemental Resolution duly adopted by the Issuer on February 15, 2000 (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"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS")("COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS, TO THE ISSUER'S CHEAT NECK PUBLIC SERVICE DISTRICT BOND, SERIES 1992, DATED DECEMBER 16, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $313,000 (THE "CHEAT NECK PUBLIC SERVICE DISTRICT BOND").

THE SERIES 1992 BONDS, THE SERIES 1995 BONDS, THE SERIES 1997 BONDS AND THE CHEAT NECK PUBLIC SERVICE DISTRICT BOND ARE HEREINAFTER COLLECTIVELY CALLED 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 Series 2000 A Bonds and the First Lien Bonds and senior and prior to the Cheat Neck Public Service District

Bond, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, 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, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 125% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds and 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 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 A Bonds and 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the 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 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 February 29, 2000.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: February 29, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$601,000	02/29/00	(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

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 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 forms 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.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council, the respective schedules in substantially the form attached to the Loan Agreement, 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);

(4) Series 2000 A Bonds Construction Trust Fund; and

(5) Series 2000 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) 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 1992 Bonds Sinking Fund (established by the Prior Ordinances);

(2) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by the Prior Ordinances);

(4) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 1997 Bonds Sinking Fund (established by the Prior Ordinances);

(6) Within the Series 1997 Bonds Sinking Fund, the Series 1997 Bonds Reserve Account and the Series 1997 Bonds Redemption Account (established by the Prior Ordinances);

(7) Series 2000 A Bonds Sinking Fund;

(8) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account;

(9) Series 2000 B Bonds Sinking Fund; and

(10) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in 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, (i) remit to the Commission the amounts required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Sinking Fund for payment of the interest on and principal of the Series 1992 Bonds; (ii) remit to the Commission the amounts required by the 1995 Ordinance to be deposited in the Series 1995 Bonds Sinking Fund for payment of the interest on and principal of the Series 1995 Bond; (iii) remit to the Commission the amounts required by the 1997 Ordinance to be deposited in the Series 1997 Bonds Sinking Fund for payment of the interest on and principal of the Series 1997 Bonds; (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 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 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (v) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of

principal which will mature and become due on the Series 2000 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the 1992 Ordinance to be deposited in the Series 1992 Bonds Reserve Account; (ii) remit to the Commission the amount required by the 1995 Ordinance to be deposited in the Series 1995 Bonds Reserve Account; (iii) remit to the Commission the amount required by the 1997 Ordinance to be deposited in the Series 1997 Bonds Reserve Account; (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, if not fully funded upon issuance of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 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 2000 A Bonds Reserve Requirement; and (v) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, if not fully funded upon issuance of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2000 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 B Bonds Reserve Requirement.

(3) 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.

(4) 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.

(5) 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, including payment of interest on and principal of the Cheat Neck Public Service District Bonds, if necessary.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2000 A Bonds Reserve Account or the Series 2000 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements 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 2000 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the

Series 2000 B Bonds Sinking Fund or the Series 2000 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, 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 First Lien Bonds and the Series 2000 Bonds, and thereafter with respect to the Cheat Neck Public Service District Bond, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 B Bonds Sinking Fund and the Series 2000 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, and any additional Bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as 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.

C. 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 2000 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also 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 SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this 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 sum insured by 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. The Gross Revenues of the System shall only be used for purposes 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 respective Reserve Accounts for the Series 2000 Bonds with cash or Qualified Investments, satisfy the respective Reserve Requirements by the deposit into the respective Reserve Accounts 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 respective 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 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 2000 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2000 A Bonds, there shall be deposited with the Commission in the Series 2000 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2000 B Bonds, there shall be deposited with the Commission in the Series 2000 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2000 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 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 2000 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 B 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 2000 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2000 A Bonds shall be expended as approved by the DEP and any remaining proceeds of the Series 2000 B Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Respective Bond Construction Trust Funds. A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 A Bonds which shall be made upon request of the Issuer) shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2000 A Bonds, 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.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 B Bonds which shall be made upon request of the Issuer) shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the respective Bond Construction Trust Funds, 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 2000 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 2000 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 2000 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured equally and ratably with each other 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 First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holders of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 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 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 November 29, 1994, and the sewer rate ordinance of the Issuer enacted November 4, 1992, as amended by the sewer rate ordinance of the Issuer enacted June 4, 1999, which rates are incorporated herein by reference as a part hereof

In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 Bonds shall prove to be insufficient to produce the amounts required by 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 and charges so as to provide funds sufficient to produce the amounts required by 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 2000 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 2000 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Council 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, if any, on the Series 2000 Bonds. Any balance remaining after the payment of the Series 2000 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the 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 the Tibbs Run reservoir properties consisting of about 80 acres, and a tract of about 200 acres on Mayfield Road heretofore acquired for the System, neither of which properties is now being used or is useful for the System, such sales to be at such times and in such manner and for such prices as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sales 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. Furthermore, the Board and the Issuer are hereby authorized to negotiate, lease and otherwise dispose of the oil and gas minerals underlying a tract of real estate situate in Clinton Taxing District, Monongalia County, West Virginia, and containing 104 acres, more or less, for a royalty of not less than 1/8th of all oil and gas produced from said property, or a delay rental of not less than $312.00 per year, for a primary term of not to exceed 8 years. All moneys received from the leasing of the aforesaid oil and gas or from any other property of the System shall be deposited in the Revenue Fund and expended therefrom as provided herein.

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 2000 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 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 2000 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 2000 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the First Lien 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 2000 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the DEP and the Council 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 2000 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 the Series 2000 Bonds issued pursuant hereto, 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 Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and 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 2000 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 2000 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, 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.

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, the DEP and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Board shall submit to the Authority, the DEP and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Board shall permit the Authority, the DEP and the Council, or their agents and representatives, to inspect all records pertaining to the operation 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, the DEP and the Council, or any other original purchaser of the Series 2000 Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 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 2000 Bonds and shall submit said report to the Authority, the DEP and the Council, or any other original purchaser of the Series 2000 Bonds. Such audit report submitted to the Authority, the DEP and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Board 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 for the Series 2000 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 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, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2000 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 respectively in the Series 2000 A Reserve Account, the Series 2000 B Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 2000 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 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 ordinance 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, the DEP and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall 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, the DEP, the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Board shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority, the DEP and the Council 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, the DEP and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the DEP and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Board 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 Board shall notify the DEP in writing of such receipt. The Board shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2000 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Board 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 Board 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 Board 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 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Board further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Board will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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 2000 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 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. 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 portion 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 Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Board 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 shall obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission and the Council necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer and the Board shall 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 and the Council 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, the DEP, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2000 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 2000 Bonds during the term thereof is, under the terms of the Series 2000 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 2000 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 2000 Bonds during the term thereof is, under the terms of the Series 2000 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 2000 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 2000 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2000 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 2000 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 2000 Bonds and the interest, if any, 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, if any, on the Series 2000 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 2000 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 and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds held in "contingency" as set forth in the respective Schedules attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2000 Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 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 2000 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holder of the Cheat Neck Public Service District Bond.

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 2000 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2000 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 2000 Bonds which would cause the Series 2000 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 2000 Bonds) so that the interest, if any, on the Series 2000 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.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid, plus interest on that amount unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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 or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 2000 Bonds subject to rebate. The Issuer shall also furnish 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 2000 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 2000 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2000 Bonds; or

(2) If default occurs in the Issuer or Bond's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2000 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner 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 2000 Bonds shall be on a parity with those of the Holders of the First Lien 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 2000 Bonds, the principal of and interest, if any, 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 2000 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2000 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 2000 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 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 respective rights of Registered Owners of the Series 2000 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 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, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2000 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, if any, on the Series 2000 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 2000 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 were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the 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 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days suhsequent 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:	January 4, 2000
Passed on Second Reading:	January 18, 2000
Passed on Final Reading Following Public Hearing:	February 15, 2000

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The CITY OF MORGANTOWN on the 15th day of February, 2000.

Dated: February 29, 2000.

[SEAL]

City Clerk

01/03/00
627490/99003

EXHIBIT A

Loan Agreement is included in bond transcript as Documents 3 and 4.

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN, APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE PURCHASE OF A SURETY BOND FOR THE RESPECTIVE RESERVE ACCOUNTS FOR THE BONDS, APPROVING THE EXECUTION AND DELIVERY OF A GUARANTEE AGREEMENT AND THE SUPPLEMENTATION OF THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE BONDS AS REQUIRED BY THE PROVIDER OF THE SURETY BOND; 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 February 15, 2000 (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 $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program) and Series 2000 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed $8,000,000 and $2,500,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2000 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), and the loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the bond purchase agreement and the loan agreement are referred to herein as the "Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, 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 Bond Ordinance provided for, among other things, the establishment at the West Virginia Municipal Bond Commission of the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account (collectively, the "Reserve Account"), to be funded at their respective required levels (collectively, the "Reserve Requirement") with bond proceeds, a surety bond, or a letter of credit, so long as the Bonds are Outstanding;

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

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");

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, that the purchase of the Surety Bond and execution of the Guarantee Agreement be approved, and that other matters relating to the Bonds and the Surety Bond 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 following bonds of the Issuer:

A. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $7,842,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2026, and shall bear no interest. The principal of the Series 2000 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, and ending March 1, 2026, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2000 A Bonds. The Series 2000 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2000 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2000 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

B. The Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,488,000. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2039, and shall bear no interest. The principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June I, September 1 and December 1 of each year, commencing March 1, 2002, and ending December 1, 2039, 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 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor and/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, the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon,

provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. It is hereby authorized and ordered that the Surety Bond be accepted in accordance with the provisions of the Commitment for Surety Bond, dated February 8, 2000 (Commitment No. SB19493) (the "Commitment") and be deposited in the Reserve Accounts. Payment of the premium for purchase of the Surety Bond shall be made from proceeds of the Bonds.

Section 5. 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 6. 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 Reserve Account as provided therein and subject to the limitations set forth therein.

Section 7. 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 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.

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 thereof, (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 Bondbolder consent.

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

While the Surety Bond is in effect, the Issuer sball furnish to Ambac Assurance (Attn: SURVEILLANCE DEPARTMENT):

(a) As soon as practicable after the filing thereof, a copy of any financial statement of the Issuer and a copy of any audit and annual report of the Issuer.

(b) Sucb additional information it may reasonably request.

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

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

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

While the Surety Bond is in effect, the Issuer shall furnish to Ambac Assurance (Attn: GENERAL COUNSEL OFFICE):

(a) Notice of any failure of the Issuer to provide relevant notices, certificates, etc. to Ambac Assurance.

(b) Notwithstanding any other provision of the Ordinance, the Issuer sball 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 thereunder 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 Bonds with appropriate officers of the Issuer. The Issuer will

permit Ambac Assurance to have access to the Project and bave access to and to make copies of all books and records relating to the Bonds at any reasonable time.

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 Reserve Account, plus all amounts on deposit in and credited to the Reserve Account in excess of the amount of the Surety Bond, are insufficient to pay the amount of principal and/or interest coming due on the 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 the Ordinance has not been made to the Paying Agent; or (ii) the payment date the principal and/or interest coming due on the 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, 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 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 sucb 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 the 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 Reserve Account to the extent of moneys received pursuant to such Demand.

(d) The Reserve Account sball be replenisbed in the following priority: (i) principal and interest on the Surety Bond and on the Additional Funding Instrument sball 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 Reserve Account to the required level, after taking into account the amounts available under the Surety Bonds and the Additional Funding Instrument, if any, shall be deposited from next available Revenues.

Section 8. The Issuer does hereby appoint and designate One Valley Bank, National Association, 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 9. 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 10. The Issuer does hereby appoint and designate One Valley Bank, Inc., Morgantown, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 11. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds, purchase of the Surety Bond and related costs.

Section 12. 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 February 29, 2000, to the Authority pursuant to the Loan Agreement.

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

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

Section 15. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in 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 time accounts until further directed in writing by the Issuer.

Moneys in the Sinking Funds, including the Reserve Accounts therein, if any, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds. The Issuer hereby appoints the General Manager of the Morgantown Utility Board as its agent for the review and approval of all future invoices for the Project to be paid from the proceeds of the Bonds.

Section 17. The Issuer hereby appoints the Morgantown Utility Board as agent of the Issuer for the purpose of receiving all advances of the proceeds of the Bonds from the DEP and the Council, and the Issuer hereby assigns its right to receive such advances to the Morgantown Utility Board.

Section 18. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of February, 2000.

_____

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 15th day of February, 2000.

Dated: February 29, 2000.

[SEAL]

_____
City Clerk

02/09/00
627490/99003

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage
System Revenue Bonds,
Series 2000 A (West Virginia SRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

AMENDATORY ORDINANCE

AMENDATORY ORDINANCE PROVIDING FOR THE AMENDMENT OF THE DEFINITION OF "THE PROJECT" AS SAID TERM IS DESCRIBED IN THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN.

WHEREAS, the City Council (the "Governing Body") of Tbe City of Morgantown (the "Issuer") has duly and officially enacted a bond ordinance, effective February 15, 2000 (the "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 $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS

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

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

WHEREAS, Section 11.01 of the Ordinance provides that it may be amended, provided that the consent of the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds to such amendment is obtained;

WHEREAS, the Governing Body hereby determines that the Ordinance should be amended to include certain additional facilities within the definition of "the Project" set forth in the Ordinance;

WHEREAS, the Issuer has obtained (or will obtain prior to implementation hereof) the consent of the West Virginia Water Development Authority, as the Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, to the amendment of the Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this amendatory ordinance (the "Amendatory Ordinance") be enacted and adopted, and that the definition of the Project, as described in Section 1.02B of the Ordinance, be amended bereby in the manner stated berein;

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

Section 1. Pursuant to the Ordinance and the Act, this Amendatory Ordinance is enacted and Section 1.02B of the Ordinance, is hereby amended to read as follows:

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. The existing operation and control system at the water treatment plant and parts of the plant system which monitor distribution system operations are outdated and do not perform consistently. Furthermore, certain existing water treatment and/or storage facilities are either beyond serviceability or of insufficient capacity to provide reliable/appropriate service to the customers of the System. It is, therefore, 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 waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a 750,000 GPD wastewater treatment facility, 18,500 feet of 8-inch and 10-inch gravity sewer line to the Sunset Beach Road area, 5,700 feet of 8-inch gravity sewer line to the Rolling Hills Mobile Home Park, 2,500 feet of 8-inch gravity sewer line to the Cheat Canyon Park subdivision, 5,800 feet of 12-inch, 15-inch and 18-inch gravity interceptor along Whites Run, 1,600 GPM sewage lift station on property along Tyrone Road near Babbling Brook, a 12-inch force main, 8,800 feet long, that will extend from the lift station to the wastewater treatment plant, two small lift stations, 75 GPM, near the Cheat Canyon Park subdivision, and certain additional facilities for which the Issuer will pay a portion and the West Virginia Department of Highways will pay a portion, consisting of approximately 1,850 feet of 8-inch and 5,500 feet of 12-inch gravity sewer lines and 45 manholes from the wastewater treatment plant to the proposed intersection of West Virginia Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway, with side extensions and approximately 600 feet of 8-inch and 1,700 feet of 12-inch gravity sewer lines and 15 manholes from the proposed intersection of Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway to the Braemar Townhouses, near Goodwin Hill Road, with side extensions, 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 (or approved change orders), which plans and specifications have heretofore been filed with the Issuer.

Section 2. This Amendatory Ordinance shall be effective immediately following the final reading hereof, provided that the amendments set forth herein shall not be implemented until the Issuer obtains the written consent of the West Virginia Water Development Authority thereto.

Passed on First Reading March 20, 2001

Passed on Second Reading April 3, 2001

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

CERTIFICATION

Certified a true copy of an Amendatory Ordinance duly enacted by the City Council of The City of Morgantown on the 3rd day of April, 2001.

Dated: April 3, 2001.

[SEAL]

_____
City Clerk

04/04/01
627490/99001

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage
System Revenue Bonds,
Series 2000 A (West Virginia SRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

SECOND AMENDATORY ORDINANCE

AMENDATORY ORDINANCE PROVIDING FOR THE AMENDMENT OF THE DEFINITION OF "THE PROJECT" AS SAID TERM IS DESCRIBED IN THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN, AS PREVIOUSLY AMENDED BY AN AMENDATORY ORDINANCE ENACTED BY THE CITY COUNCIL OF THE CITY ON APRIL 3, 2001.

WHEREAS, the City Council (the "Governing Body") of The City of Morgantown (the "Issuer") has duly and officially enacted a bond ordinance, effective February 15, 2000 (the "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 $8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA

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

WHEREAS, following enactment of this Ordinance, the Governing Body of the Issuer duly and officially enacted an amendatory ordinance, effective April 3, 2001 (the "First Amendatory Ordinance") entitled:

AMENDATORY ORDINANCE PROVIDING FOR THE AMENDMENT OF THE DEFINITION OF "THE PROJECT" AS SAID TERM IS DESCRIBED IN THE ORDINANCE AUTHORIZING THE ISSUANCE OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE CITY OF MORGANTOWN.

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

WHEREAS, Section 11.01 of the Ordinance provides that it may be amended, provided that the consent to such amendment of the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds is obtained;

WHEREAS, the Governing Body hereby determines that the Ordinance should be further amended to include certain additional facilities within the definition of "the Project" set forth in the Ordinance;

WHEREAS, the Issuer has obtained (or will obtain prior to implementation hereof) the consent of the West Virginia Water Development Authority, as the Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, to the amendment of the Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this amendatory ordinance (the "Amendatory Ordinance") be enacted and adopted, and that the definition of the Project, as described in Section 1.02B of the Ordinance, as amended, be further amended hereby in the manner stated herein;

NOW, THEREFORE, THE CITY OF MORGANTOWN HEREBY ORDAINS:

Section 1. Pursuant to the Ordinance and the Act, this Amendatory Ordinance is enacted, and Section 1.02B of the Ordinance, as previously amended, is hereby further amended to read as follows: (deletions struck-through, additions underlined)

B. The Issuer presently owns and operates, through the Morgantown Utility Board (the "Board"), a public combined waterworks and sewerage system. The existing operation and control system at the water treatment plant and parts of the plant system which monitor distribution system operations are outdated and do not perform consistently. Furthermore, certain existing water treatment and/or storage facilities are either beyond serviceability or of insufficient capacity to provide reliable/appropriate service to the customers of the System. It is, therefore, 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 waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a 750,000 GPD wastewater treatment facility, 18,500 feet of 8-inch and 10-inch gravity sewer line to the Sunset Beach Road area, 5,700 feet of 8-inch gravity sewer line to the Rolling Hills Mobile Home Park, 2,500 feet of 8-inch gravity sewer line to the Cheat Canyon Park subdivision, 5,800 feet of 12-inch, 15-inch and 18-inch gravity interceptor along Whites Run, 1,600 GPM sewage lift station on property along Tyrone Road near Babbling Brook, a 12-inch force main, 8,800 feet long, that will extend from the lift station to the wastewater treatment plant, two small lift stations, 75 GPM, near the Cheat Canyon Park subdivision, and certain additional facilities for which the Issuer will pay a portion and the West Virginia Department of Highways will pay a portion, consisting of approximately 1,850 feet of 8-inch and 5,500 feet of 12-inch gravity sewer lines and 45 manholes from the wastewater treatment plant to the proposed intersection of West Virginia Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway, with side extensions and approximately 600 feet of 8-inch and 1,700 feet of 12-inch gravity sewer lines and 15 manholes from the proposed intersection of Route 857 and the proposed eastern access road to the proposed Mon-Fayette Expressway to the Braemar Townhouses, near Goodwin Hill Road, with side

extensions, and other additional facilities such as partial upgrades to various existing sewage pumping stations and/or associated force mains, complete replacement of various existing sewage pumping stations and/or associated force mains, construction of various new and additional sewage pumping stations and/or associated force mains, demolition of various existing sewage pumping stations, demolition of various existing wastewater treatment plants, removal of sludge from various existing wastewater treatment plants, extension of various new and additional gravity sanitary sewer lines, relocation of various existing utility lines and/or outfall lines, and other miscellaneous facilities and/or activities as determined by the Board to be necessary to complete the project, including but not limited to additional engineering, planning, administration, inspection, surveying, and acquisition of lands and/or rights of way, 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 (or approved change orders), which plans and specifications have heretofore been filed with the Issuer.

Section 2. This Amendatory Ordinance shall be effective immediately following the final reading hereof, provided that the amendments set forth herein shall not be implemented until the Issuer obtains the written consent of the West Virginia Water Development Authority thereto.

Passed on First Reading March 5, 2002

Passed on Second Reading March 19, 2002

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

CERTIFICATION

Certified a true copy of an Amendatory Ordinance duly enacted by the City Council of The City of Morgantown on March 19, 2002.

Dated: March 20, 2002.

[SEAL]

_____
City Clerk

03/20/02
627490/00010

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND
SERIES 2000 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

$7,842,000

KNOW ALL MEN BY THESE PRESENTS: That 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 SEVEN MILLION EIGHT HUNDRED FORTY TWO THOUSAND DOLLARS ($7,842,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

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 Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated February 8, 2000.

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, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the

"Bonds") and related costs. The existing public combined waterworks, sewerage, and stormwater 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 February 15, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 15, 2000, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 2007 (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 UTILITY 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 UTILITY 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"); AND (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,488,000 (THE "SERIES 2000 B BONDS").

THE SERIES 1992 BONDS AND THE SERIES 1995 BONDS ARE HEREINAFTER COLLECTIVELY CALLED 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 Series 2000 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, 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, if any, hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 A Bonds Reserve Account and unexpended

proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 B Bonds and 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the 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 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]

SPECIMEN

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 August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

Clean Water State Revolving Fund

RECORD OF ADVANCES

Project Name: City of Morgantown

Date Closed: 2/29/00

Loan Amount: $7,842,000

Series 2000 A

	Amount	Date		Amount	Date
1	$442,974	02/29/00	20	47,659	01/28/02
2	325,676	06/18/00	21	11,317	02/27/02
3	1,304,307	08/22/00	22	122,991	03/26/02
4	690,611	09/27/00	23	27,265	04/24/02
5	622,039	10/31/00	24	9,109	05/23/02
6	567,031	11/27/00	25	23,251	07/01/02
7	568,768	01/02/01	26	111,643	07/18/02
8	452,038	01/23/01	27	35,517	08/18/02
9	294,667	03/04/01	28	75,001	09/26/02
10	487,271	03/28/01	29	52,719	10/17/02
11	290,223	05/09/01	30	1,823	11/22/02
12	181,824	06/01/01	31	74,225	01/21/03
13	54,102	07/05/01	32	23,575	02/24/03
14	55,772	07/16/01	33	18,502	03/27/03
15	90,819	08/24/01	34	155,363	04/16/03
16	20,604	10/16/01	35	127,790	05/21/03
17	96,106	10/22/01	36	29,356	07/11/03
18	189,137	11/26/01	37	15,842	09/05/03
19	120,810	01/03/02	38	24,273	06/15/04
	$6,854,779			$987,221	
				$7,842,000	

EXHIBIT B

The City of Morgantown (West Virginia)

Loan of $7,842,000

24 1/4 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: February 29, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	80,846.00	-	80,846.00
6/01/2002	80,846.00	-	80,846.00
9/01/2002	80,846.00	-	80,846.00
12/01/2002	80,846.00	-	80,846.00
3/01/2003	80,846.00	-	80,846.00
6/01/2003	80,846.00	-	80,846.00
9/01/2003	80,846.00	-	80,846.00
12/01/2003	80,846.00	-	80,846.00
3/01/2004	80,846.00	-	80,846.00
6/01/2004	80,846.00	-	80,846.00
9/01/2004	80,846.00	-	80,846.00
12/01/2004	80,846.00	-	80,846.00
3/01/2005	80,846.00	-	80,846.00
6/01/2005	80,846.00	-	80,846.00
9/01/2005	80,846.00	-	80,846.00
12/01/2005	80,846.00	-	80,846.00
3/01/2006	80,846.00	-	80,846.00
6/01/2006	80,846.00	-	80,846.00
9/01/2006	80,846.00	-	80,846.00
12/01/2006	80,846.00	-	80,846.00
3/01/2007	80,846.00	-	80,846.00
6/01/2007	80,846.00	-	80,846.00
9/01/2007	80,846.00	-	80,846.00
12/01/2007	80,846.00	-	80,846.00
3/01/2008	80,846.00	-	80,846.00
6/01/2008	80,846.00	-	80,846.00
9/01/2008	80,846.00	-	80,846.00
12/01/2008	80,846.00	-	80,846.00
3/01/2009	80,846.00	-	80,846.00
6/01/2009	80,846.00	-	80,846.00
9/01/2009	80,846.00	-	80,846.00
12/01/2009	80,846.00	-	80,846.00
3/01/2010	80,846.00	-	80,846.00
6/01/2010	80,846.00	-	80,846.00
9/01/2010	80,846.00	-	80,846.00
12/01/2010	80,846.00	-	80,846.00
3/01/2011	80,845.00	-	80,845.00
	80,845.00	-	80,845.00

The City of Morgantown (West Virginia)

Loan of $7,842,000

24 1/4 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: February 29, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	80,845.00	-	80,845.00
9/01/2011	80,845.00	-	80,845.00
12/01/2011	80,845.00	-	80,845.00
3/01/2012	80,845.00	-	80,845.00
6/01/2012	80,845.00	-	80,845.00
9/01/2012	80,845.00	-	80,845.00
12/01/2012	80,845.00	-	80,845.00
3/01/2013	80,845.00	-	80,845.00
6/01/2013	80,845.00	-	80,845.00
9/01/2013	80,845.00	-	80,845.00
12/01/2013	80,845.00	-	80,845.00
3/01/2014	80,845.00	-	80,845.00
6/01/2014	80,845.00	-	80,845.00
9/01/2014	80,845.00	-	80,845.00
12/01/2014	80,845.00	-	80,845.00
3/01/2015	80,845.00	-	80,845.00
6/01/2015	80,845.00	-	80,845.00
9/01/2015	80,845.00	-	80,845.00
12/01/2015	80,845.00	-	80,845.00
3/01/2016	80,845.00	-	80,845.00
6/01/2016	80,845.00	-	80,845.00
9/01/2016	80,845.00	-	80,845.00
12/01/2016	80,845.00	-	80,845.00
3/01/2017	80,845.00	-	80,845.00
6/01/2017	80,845.00	-	80,845.00
9/01/2017	80,845.00	-	80,845.00
12/01/2017	80,845.00	-	80,845.00
3/01/2018	80,845.00	-	80,845.00
6/01/2018	80,845.00	-	80,845.00
9/01/2018	80,845.00	-	80,845.00
12/01/2018	80,845.00	-	80,845.00
3/01/2019	80,845.00	-	80,845.00
6/01/2019	80,845.00	-	80,845.00
9/01/2019	80,845.00	-	80,845.00
12/01/2019	80,845.00	-	80,845.00
3/01/2020	80,845.00	-	80,845.00
6/01/2020	80,845.00	-	80,845.00
9/01/2020	80,845.00	-	80,845.00
12/01/2020	80,845.00	-	80,845.00
3/01/2021	80,845.00	-	80,845.00
6/01/2021	80,845.00	-	80,845.00
9/01/2021	80,845.00	-	80,845.00
12/01/2021	80,845.00	-	80,845.00
3/01/2022	80,845.00	-	80,845.00
6/01/2022	80,845.00	-	80,845.00

The City of Morgantown (West Virginia)

Loan of $7,842,000

24 1/4 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: February 29, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2022	80,845.00	-	80,845.00
12/01/2022	80,845.00	-	80,845.00
3/01/2023	80,845.00	-	80,845.00
6/01/2023	80,845.00	-	80,845.00
9/01/2023	80,845.00	-	80,845.00
12/01/2023	80,845.00	-	80,845.00
3/01/2024	80,845.00	-	80,845.00
6/01/2024	80,845.00	-	80,845.00
9/01/2024	80,845.00	-	80,845.00
12/01/2024	80,845.00	-	80,845.00
3/01/2025	80,845.00	-	80,845.00
6/01/2025	80,845.00	-	80,845.00
9/01/2025	80,845.00	-	80,845.00
12/01/2025	80,845.00	-	80,845.00
3/01/2026	80,845.00	-	80,845.00
Total	7,842,000.00	-	7,842,000.00 *

YIELD STATISTICS

Bond Year Dollars	$109,809.51
Average Life	14.003 Years
Average Coupon	
Net Interest Cost (NIC)	
True Interest Cost (TIC)	
Bond Yield for Arbitrage Purposes	1.35E-11
All Inclusive Cost (AIC)	1.35E-11
	0.4354920%

IRS FORM 8038

Net Interest Cost	
Weighted Average Maturity	14.003 Years

*Plus $4,951.77 one-half percent administrative fee paid quarterly. Total fee paid over the life of the loan is $480,321.69.

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

07/31/07
627490.00019

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND
SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $2,488,000

KNOW ALL MEN BY THESE PRESENTS: That 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 TWO MILLION FOUR HUNDRED EIGHTY EIGHT THOUSAND DOLLARS ($2,488,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated February 8, 2000.

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, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks, sewerage, and stormwater 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on February 15, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on February 15, 2000, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 2007 (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 UTILITY 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 UTILITY 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"); AND (3) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 29, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,842,000 (THE "SERIES 2000 A BONDS").

THE SERIES 1992 BONDS AND THE SERIES 1995 BONDS ARE HEREINAFTER COLLECTIVELY CALLED 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 Series 2000 A Bonds and the Prior Bonds and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, 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, if any, hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a

balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2000 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2000 A Bonds and 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the 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 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]

SPECIMEN

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 August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

Record of Advances

IF Series 1999A
Project Name: MORGANTOWN UTILITY BOARD
Date Closed - 02/29/2000

Loan Amount - $2,488,000
Series 2000B

	Amount	Date
1	601,000.00	02/29/2000
2	350,388.00	06/15/2000
3	4,677.00	12/27/2000
4	12,500.00	01/31/2001
5	76,438.00	02/28/2001
6	187,340.00	03/30/2001
7	206,000.00	04/30/2001
8	172,760.00	06/15/2001
9	109,337.00	06/26/2001
10	103,116.00	07/16/2001
11	110,922.00	08/14/2001
12	70,066.00	09/14/2001
13	54,385.00	10/15/2001
14	52,294.00	11/15/2001
15	76,163	12/14/2001
16	66,468.00	01/16/2002
17	602.00	02/15/2002
18	1,386.00	06/14/2002
19	45,016.00	08/15/2002
20	2,980.00	09/16/2002
21	54,831.00	12/06/2002
22	106,086.00	03/14/2003
23	5,910.00	04/15/2003
24	17,435.00	03/31/2004
25		
26		
27		
28		
29		
30		
	2,488,000.00	30-Mar-04
	$0.00	Available

EXHIBIT B

The City of Morgantown (West Virginia)

Infrastructure Loan (Series 1999A) of $2,488,000
40 Years, 0% Interest Rate
Closing Date: February 29, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	-	-	-
12/01/2001	-	-	-
3/01/2002	16,369.00	-	16,369.00
6/01/2002	16,369.00	-	16,369.00
9/01/2002	16,369.00	-	16,369.00
12/01/2002	16,369.00	-	16,369.00
3/01/2003	16,369.00	-	16,369.00
6/01/2003	16,369.00	-	16,369.00
9/01/2003	16,369.00	-	16,369.00
12/01/2003	16,369.00	-	16,369.00
3/01/2004	16,369.00	-	16,369.00
6/01/2004	16,369.00	-	16,369.00
9/01/2004	16,369.00	-	16,369.00
12/01/2004	16,369.00	-	16,369.00
3/01/2005	16,369.00	-	16,369.00
6/01/2005	16,369.00	-	16,369.00
9/01/2005	16,369.00	-	16,369.00
12/01/2005	16,369.00	-	16,369.00
3/01/2006	16,369.00	-	16,369.00
6/01/2006	16,369.00	-	16,369.00
9/01/2006	16,369.00	-	16,369.00
12/01/2006	16,369.00	-	16,369.00
3/01/2007	16,369.00	-	16,369.00
6/01/2007	16,369.00	-	16,369.00
9/01/2007	16,369.00	-	16,369.00
12/01/2007	16,369.00	-	16,369.00
3/01/2008	16,369.00	-	16,369.00
6/01/2008	16,369.00	-	16,369.00
9/01/2008	16,369.00	-	16,369.00
12/01/2008	16,369.00	-	16,369.00
3/01/2009	16,369.00	-	16,369.00
6/01/2009	16,369.00	-	16,369.00
9/01/2009	16,369.00	-	16,369.00
12/01/2009	16,369.00	-	16,369.00
3/01/2010	16,369.00	-	16,369.00
6/01/2010	16,369.00	-	16,369.00
9/01/2010	16,369.00	-	16,369.00
12/01/2010	16,369.00	-	16,369.00
3/01/2011	16,369.00	-	16,369.00

The City of Morgantown (West Virginia)

Infrastructure Loan (Series 1999A) of $2,488,000
40 Years, 0% Interest Rate
Closing Date: February 29, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	16,369.00	-	16,369.00
9/01/2011	16,369.00	-	16,369.00
12/01/2011	16,369.00	-	16,369.00
3/01/2012	16,369.00	-	16,369.00
6/01/2012	16,369.00	-	16,369.00
9/01/2012	16,369.00	-	16,369.00
12/01/2012	16,369.00	-	16,369.00
3/01/2013	16,369.00	-	16,369.00
6/01/2013	16,369.00	-	16,369.00
9/01/2013	16,369.00	-	16,369.00
12/01/2013	16,369.00	-	16,369.00
3/01/2014	16,369.00	-	16,369.00
6/01/2014	16,369.00	-	16,369.00
9/01/2014	16,369.00	-	16,369.00
12/01/2014	16,369.00	-	16,369.00
3/01/2015	16,369.00	-	16,369.00
6/01/2015	16,369.00	-	16,369.00
9/01/2015	16,369.00	-	16,369.00
12/01/2015	16,369.00	-	16,369.00
3/01/2016	16,369.00	-	16,369.00
6/01/2016	16,369.00	-	16,369.00
9/01/2016	16,369.00	-	16,369.00
12/01/2016	16,369.00	-	16,369.00
3/01/2017	16,369.00	-	16,369.00
6/01/2017	16,369.00	-	16,369.00
9/01/2017	16,369.00	-	16,369.00
12/01/2017	16,369.00	-	16,369.00
3/01/2018	16,368.00	-	16,368.00
6/01/2018	16,368.00	-	16,368.00
9/01/2018	16,368.00	-	16,368.00
12/01/2018	16,368.00	-	16,368.00
3/01/2019	16,368.00	-	16,368.00
6/01/2019	16,368.00	-	16,368.00
9/01/2019	16,368.00	-	16,368.00
12/01/2019	16,368.00	-	16,368.00
3/01/2020	16,368.00	-	16,368.00
6/01/2020	16,368.00	-	16,368.00
9/01/2020	16,368.00	-	16,368.00
12/01/2020	16,368.00	-	16,368.00
3/01/2021	16,368.00	-	16,368.00
6/01/2021	16,368.00	-	16,368.00
9/01/2021	16,368.00	-	16,368.00
12/01/2021	16,368.00	-	16,368.00
3/01/2022	16,368.00	-	16,368.00
6/01/2022	16,368.00	-	16,368.00

The City of Morgantown (West Virginia)

Infrastructure Loan (Series 1999A) of $2,488,000
40 Years, 0% Interest Rate
Closing Date: February 29, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2022	16,368.00	-	16,368.00
12/01/2022	16,368.00	-	16,368.00
3/01/2023	16,368.00	-	16,368.00
6/01/2023	16,368.00	-	16,368.00
9/01/2023	16,368.00	-	16,368.00
12/01/2023	16,368.00	-	16,368.00
3/01/2024	16,368.00	-	16,368.00
6/01/2024	16,368.00	-	16,368.00
9/01/2024	16,368.00	-	16,368.00
12/01/2024	16,368.00	-	16,368.00
3/01/2025	16,368.00	-	16,368.00
6/01/2025	16,368.00	-	16,368.00
9/01/2025	16,368.00	-	16,368.00
12/01/2025	16,368.00	-	16,368.00
3/01/2026	16,368.00	-	16,368.00
6/01/2026	16,368.00	-	16,368.00
9/01/2026	16,368.00	-	16,368.00
12/01/2026	16,368.00	-	16,368.00
3/01/2027	16,368.00	-	16,368.00
6/01/2027	16,368.00	-	16,368.00
9/01/2027	16,368.00	-	16,368.00
12/01/2027	16,368.00	-	16,368.00
3/01/2028	16,368.00	-	16,368.00
6/01/2028	16,368.00	-	16,368.00
9/01/2028	16,368.00	-	16,368.00
12/01/2028	16,368.00	-	16,368.00
3/01/2029	16,368.00	-	16,368.00
6/01/2029	16,368.00	-	16,368.00
9/01/2029	16,368.00	-	16,368.00
12/01/2029	16,368.00	-	16,368.00
3/01/2030	16,368.00	-	16,368.00
6/01/2030	16,368.00	-	16,368.00
9/01/2030	16,368.00	-	16,368.00
12/01/2030	16,368.00	-	16,368.00
3/01/2031	16,368.00	-	16,368.00
6/01/2031	16,368.00	-	16,368.00
9/01/2031	16,368.00	-	16,368.00
12/01/2031	16,368.00	-	16,368.00
3/01/2032	16,368.00	-	16,368.00
6/01/2032	16,368.00	-	16,368.00
9/01/2032	16,368.00	-	16,368.00
12/01/2032	16,368.00	-	16,368.00
3/01/2033	16,368.00	-	16,368.00
6/01/2033	16,368.00	-	16,368.00
9/01/2033	16,368.00	-	16,368.00

The City of Morgantown (West Virginia)

Infrastructure Loan (Series 1999A) of $2,488,000
40 Years, 0% Interest Rate
Closing Date: February 29, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2033	16,368.00	-	16,368.00
3/01/2034	16,368.00	-	16,368.00
6/01/2034	16,368.00	-	16,368.00
9/01/2034	16,368.00	-	16,368.00
12/01/2034	16,368.00	-	16,368.00
3/01/2035	16,368.00	-	16,368.00
6/01/2035	16,368.00	-	16,368.00
9/01/2035	16,368.00	-	16,368.00
12/01/2035	16,368.00	-	16,368.00
3/01/2036	16,368.00	-	16,368.00
6/01/2036	16,368.00	-	16,368.00
9/01/2036	16,368.00	-	16,368.00
12/01/2036	16,368.00	-	16,368.00
3/01/2037	16,368.00	-	16,368.00
6/01/2037	16,368.00	-	16,368.00
9/01/2037	16,368.00	-	16,368.00
12/01/2037	16,368.00	-	16,368.00
3/01/2038	16,368.00	-	16,368.00
6/01/2038	16,368.00	-	16,368.00
9/01/2038	16,368.00	-	16,368.00
12/01/2038	16,368.00	-	16,368.00
3/01/2039	16,368.00	-	16,368.00
6/01/2039	16,368.00	-	16,368.00
9/01/2039	16,368.00	-	16,368.00
12/01/2039	16,368.00	-	16,368.00
Total	2,488,000.00	-	2,488,000.00

YIELD STATISTICS

Bond Year Dollars	551,943.21
Average Life	20.877 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.44E-11
Bond Yield for Arbitrage Purposes	8.44E-11
All Inclusive Cost (AIC)	8.44E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.877 Years

SPECIMEN

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

07/31/07
627490.00019

THE CITY OF MORGANTOWN

COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	5
Section 1.04	Definitions	5
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	16
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	17
Section 3.02	Terms of Bonds	17
Section 3.03	Execution of Bonds	18
Section 3.04	Authentication and Registration	18

Section 3.05	Negotiability, Transfer and Registration	18
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	19
Section 3.07	Bonds not to be Indebtedness of the Issuer	19
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds	20
Section 3.09	Delivery of Bonds	20
Section 3.10	Form of Bonds	20
	FORM OF SERIES 2001 A BOND	21
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	37
Section 3.12	"Amended Schedule B" Filing	37

ARTICLE IV
[RESERVED] 38

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	39
Section 5.02	Establishment of Funds and Accounts with Commission	39
Section 5.03	System Revenues; Flow of Funds	40
Section 5.04	Reserve Account Letter of Credit or Surety Bond	

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	46
Section 6.02	Disbursements From the Series 2001 A Bond Construction Trust Funds	47

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	49
Section 7.02	Bonds not to be Indebtedness of the Issuer	49
Section 7.03	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds	49
Section 7.04	Rates and Charges	49
Section 7.05	Sale of the System	50
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	51

Section 7.07	Parity Bonds	52
Section 7.08	Books; Records and Audit	53
Section 7.09	Rates	55
Section 7.10	Operating Budget and Monthly Financial Report	56
Section 7.11	Engineering Services and Operating Personnel	56
Section 7.12	No Competing Franchise	58
Section 7.13	Enforcement of Collections	58
Section 7.14	No Free Services	58
Section 7.15	Insurance and Construction Bonds	59
Section 7.16	Mandatory Connections	61
Section 7.17	Completion of Project; Permits and Orders	61
Section 7.18	Compliance with Loan Agreement and Law	61
Section 7.19	Tax Covenants	61
Section 7.20	Securities Laws Compliance	62
Section 7.21	Contracts; Public Releases	63
Section 7.22	Statutory Mortgage Lien	63

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	64
Section 8.02	Arbitrage and Tax Exemption	64
Section 8.03	Tax Certificate; Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States	64

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	66
Section 9.02	Remedies	66
Section 9.03	Appointment of Receiver	66

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	69

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	70
Section 11.02	Bond Legislation Constitutes Contract	70
Section 11.03	Severability of Invalid Provisions	70
Section 11.04	Headings, Etc.	70
Section 11.05	Conflicting Provisions Repealed; Prior Ordinances	70
Section 11.06	Covenant of Due Procedure, Etc.	71
Section 11.07	Effective Date	71
Section 11.08	Statutory Notice and Public Hearing	71
	SIGNATURES	72
	CERTIFICATION	73
	EXHIBIT A	74

2001 A

BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS 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 $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of 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. The existing operation and control system at the water treatment plant and parts of the plant system which monitor distribution system operations are outdated and do not perform consistently. Furthermore, certain existing water treatment and/or storage facilities are either beyond serviceability or of insufficient capacity to provide reliable/appropriate service to the customers of the System. It is, therefore, 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 waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the installation of an in-plant supervisory control and data acquisition system (SCADA) and a radio based telemetry system to transmit remote storage facility and separate booster station information to the water treatment plant, replace existing filter media, improve existing filter piping systems and the installation of two water storage facilities, 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 Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $4,000,000 (the "Series 2001 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; interest upon the Series 2001 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 Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services

of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 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 2001 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 2001 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), 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 2001 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"), and (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") (collectively with the Cheat Neck Public Service District Bond as hereinafter defined, the "Prior Bonds"). There is outstanding an obligation of the Issuer which will rank junior and subordinate to the Series 2001 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, issued in the original aggregate principal amount of $313,000 (the "Cheat Neck Public Service District Bond").

H. Prior to the issuance of the Series 2001 A Bonds, the Issuer will obtain (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 and the Series 2000 B Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, and the Series 2000 B Bonds. The written consent of the holders of the Series 1997 Bonds to the issuance of the Series 2001 A Bonds on a parity with the Series 1997 Bonds is not required. The written consent of the holders of the Cheat Neck Public Service District Bond to the issuance of the Series 2001 A Bonds on a senior and prior basis to the Cheat Neck Public Service District Bond 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 2001 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 2001 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 2001 A Bonds or such final order will not be subject to appeal.

K. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 2001 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefitting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 2001 A Bonds are to be issued.

L. 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 2001 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 2001 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 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 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 Council under the Act.

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

"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 2001 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.

"Cheat Neck PSD Bond" means the $313,000 Cheat Neck Public Service District Bond, Series 1992, dated December 16, 1992, payable by NMP, Limited Partnership, a West Virginia limited partnership, to the United States Department of Agriculture, Rural Utilities Service, the obligation for payment of the principal of and interest on which has been assumed by the Issuer in the event that NMP Partnership fails to make such payment when due, which obligation of the Issuer is junior and subordinate to the Issuer's obligation to pay the Prior Bonds and the Series 2000 Bonds.

"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 2001 A Bonds for all or a portion of the proceeds of the Series 2001 A Bonds from the Authority.

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

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

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

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

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

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

"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.

"First Lien Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 1997 Bonds, the Series 2000 A Bonds and the Series 2000 B Bonds.

"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 between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2001 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 2001 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 2001 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, collectively, 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, collectively, 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, collectively, 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, collectively, the ordinance of the Issuer enacted February I5, 2000, as supplemented by the Supplemental Resolution of the Issuer adopted February 15, 2000.

"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, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for 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 2001 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 Cheat Neck Public Service District Bond.

"Prior Ordinances" means, collectively, the 1992 Ordinance, the 1995 Ordinance, the 1997 Ordinance and the 2000 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 2001 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 2001 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 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to Section 5.02 of the 1992 Ordinance.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by Section 5.02 of the 1992 Ordinance.

"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 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 5.02 of the 1995 Ordinance.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 of the 1995 Ordinance.

"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 1997 Bonds Redemption Account" means the Redemption Account established by Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Reserve Account" means the Reserve Account established in the Series 1997 Bonds Sinking Fund pursuant to Section 4.02 of the 1997 Ordinance.

"Series 1997 Bonds Sinking Fund" means the Sinking Fund of the Series 1997 Bonds established by Section 4.02 of the 1997 Ordinance.

"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 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 of the 2000 Ordinance.

"Series 2000 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 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 of the 2000 Ordinance.

"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 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established in the Series 2000 B Bonds Sinking Fund pursuant to Section 5.02 of the 2000 Ordinance.

"Series 2000 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 B Bonds in the then current or any succeeding year.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 of the 2000 Ordinance.

"Series 2001 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 2001 A Bonds Construction Trust Fund" means the Series 2001 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 A Bonds Reserve Account" means the Series 2001 A Bonds Reserve Account established in the Series 2001 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 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 2001 A Bonds in the then current or any succeeding year.

"Series 2001 A Bonds Sinking Fund" means the Series 2001 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2001 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2001 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 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 2001 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.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $4,000,000 in accordance with the plans and specifications which have been prepared by the Board and/or its Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 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 Council and the Authority.

The cost of the Project is estimated not to exceed $4,000,000, which will be obtained from proceeds of the Series 2001 A Bonds.

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 2001 A Bonds, funding a reserve account for the Series 2001 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2001 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 2001 A Bonds of the Issuer. The Series 2001 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2001 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $4,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 A Bonds remaining after funding of the Series 2001 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2001 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 2001 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 2001 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 2001 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 2001 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 2001 A Bonds. The Series 2001 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 2001 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 2001 A Bonds shall cease to be such officer of the Issuer before the Series 2001 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 2001 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 2001 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 2001 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 2001 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 2001 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 2001 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 2001 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 2001 A Bonds or transferring the registered Series 2001 A Bonds are exercised, all Series 2001 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2001 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 2001 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 2001 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2001 A Bonds or, in the case of any proposed redemption of Series 2001 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 2001 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 2001 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 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 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 2001 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 First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holder of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2001 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 2001 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2001 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 2001 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 2001 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 2001 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2001 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:

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That 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 payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, at the rate per annum 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 Branch Banking and Trust Company, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 200_.

This Bond is issued (i) to pay 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) 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 200_, and a Supplemental Resolution duly adopted by the Issuer on _____, 200_ (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"); AND (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") (COLLECTIVELY, THE "FIRST LIEN BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS, TO THE ISSUER'S CHEAT NECK PUBLIC SERVICE DISTRICT BOND, SERIES 1992, DATED DECEMBER 16, 1992, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $313,000 (THE "CHEAT NECK PUBLIC SERVICE DISTRICT BOND").

THE SERIES 1992 BONDS, THE SERIES 1995 BONDS, THE SERIES 1997 BONDS, THE SERIES 2000 A BONDS, THE SERIES 2000 B BONDS AND THE CHEAT NECK PUBLIC SERVICE DISTRICT BOND ARE HEREINAFTER COLLECTIVELY CALLED 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 First Lien Bonds and senior and prior to the Cheat Neck Public Service District Bond, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2001 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 2001 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 2001 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 _____, 2001.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: _____, 2001.

BRANCH BANKING AND
TRUST COMPANY,
as Registrar

_____
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 2001 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 an incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Depreciation Fund (established by the Prior Ordinances);

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

(4) Series 2001 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 (or continued if previously established by the Prior Ordinances) 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 1992 Bonds Sinking Fund (established by the Prior Ordinances);

(2) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by the Prior Ordinances);

(4) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 1997 Bonds Sinking Fund (established by the Prior Ordinances);

(6) Within the Series 1997 Bonds Sinking Fund, the Series 1997 Bonds Reserve Account and the Series 1997 Bonds Redemption Account (established by the Prior Ordinances);

(7) Series 2000 A Bonds Sinking Fund (established by the Prior Ordinances);

(8) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account (established by the Prior Ordinances);

(9) Series 2000 B Bonds Sinking Fund (established by the Prior Ordinances);

(10) Within the Series 2000 B Bonds Sinking Fund, the Series 2000 B Bonds Reserve Account (established by the Prior Ordinances);

(11) Series 2001 A Bonds Sinking Fund; and

(12) Within the Series 2001 A Bonds Sinking Fund, the Series 2001 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 Series 1992 Bonds Sinking Fund, the amount required by the 1992 Ordinance for payment of the interest on the Series 1992 Bonds; (ii) for deposit in the Series 1995 Bonds Sinking Fund, the amount required by the 1995 Ordinance for payment of the interest on the Series 1995 Bonds; (iii) for deposit in the Series 1997 Bonds Sinking Fund, the amount required by the 1997 Ordinance for payment of the interest on the Series 1997 Bonds; and (iv) commencing 3 months prior to the first date of payment of interest on the Series 2001 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2001 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 2001 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 Series 1992 Bonds Sinking Fund, the amount required by the 1992 Ordinance for payment of the principal of the Series 1992 Bonds; (ii) for deposit in the Series 1995 Bonds Sinking Fund, the amount required by the 1995 Ordinance for payment of the principal of the Series 1995 Bonds; (iii) for deposit in the Series 1997 Bonds Sinking Fund, the amount required by the 1997 Ordinance for payment of the principal of the Series 1997 Bonds; (iv) for deposit in the Series 2000 A Bonds Sinking Fund, the amount required by the 2000 Ordinance for payment of the principal of the Series 2000 A Bonds; (v) for deposit in the Series 2000 B Bonds Sinking Fund, the amount required by the 2000 Ordinance for payment of the principal of the Series 2000 B Bonds; and (vi) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 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 2001 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 Series 1992 Bonds Reserve Account, the amount required by the 1992 Ordinance to be deposited therein; (ii) for deposit in the Series 1995 Bonds Reserve Account, the amount required by the 1995 Ordinance to be deposited therein; (iii) for deposit in the Series 1997 Bonds Reserve Account, the amount required by the 1997 Ordinance to be deposited therein; (iv) for deposit in the Series 2000 A Bonds Reserve Account, the amount required by the 2000 Ordinance to be deposited therein; (v) for deposit in the Series 2000 B Bonds Reserve Account, the amount required by the 2000 Ordinance to be deposited therein; and (vi) commencing 3 months prior to the first date of payment of principal of the Series 2001 A Bonds, if not fully funded upon issuance of the Series 2001 A Bonds, for deposit in the Series 2001 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 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 2001 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, including payment of interest on and principal of the Cheat Neck Public Service District Bonds, if necessary.

Moneys in the Series 2001 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 A Bonds, as the same shall become due. Moneys in the Series 2001 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2001 A Bonds, as the same shall come due, when other moneys in the Series 2001 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 A Bonds Sinking Fund and the Series 2001 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 2001 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 2001 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2001 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2001 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 2001 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 2001 A Bonds Sinking Fund or the Series 2001 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2001 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 First Lien Bonds and the Series 2001 A Bonds, and thereafter with respect to the Cheat Neck Public Service District Bond, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 A Bonds Sinking Fund and the Series 2001 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 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 A Bonds Sinking Fund and the Series 2001 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2001 A Bonds under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as 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.

C. 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 2001 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this 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 sum insured by 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. The Gross Revenues of the System shall only be used for purposes 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 2001 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2001 A Bonds Reserve Requirement by the deposit into the Series 2001 A Bonds 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 2001 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 and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

Section 5.05. Prior Bonds Reserve Accounts Surety Bond. The Issuer has heretofore purchased a surety bond from Ambac Assurance Corporation for the Reserve Accounts for the Prior Bonds, excluding the Cheat Neck Public Service District Bond. The covenants of the Issuer relative to such surety bond are contained in Section 5.03 of the 2000 Ordinance.

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 2001 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 A Bonds, there shall first be deposited with the Commission in the Series 2001 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 2001 A Bonds, there shall be deposited with the Commission in the Series 2001 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2001 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 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 2001 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 2001 A Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Series 2001 A Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the Series 2001 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2001 A Bonds within 3 years of the date of issuance of the State's general obligation bonds, the proceeds of which were used to make the loans to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 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 2001 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 2001 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 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 2001 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 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 2001 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 First Lien Bonds and senior and prior to the lien on the Gross Revenues in favor of the Holders of the Cheat Neck Public Service District Bond. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2001 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 November 29, 1994, and the sewer rate ordinance of the Issuer enacted November 4, 1992, as amended by the sewer rate ordinance of the Issuer enacted June 4, 1999, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2001 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 2001 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 2001 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 2001 A Bonds, immediately be remitted to the Commission for deposit in the Series 2001 A Bonds Sinking Fund, and, with the written permission of the Council 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 2001 A Bonds. Any balance remaining after the payment of the Series 2001 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 the Tibbs Run reservoir properties consisting of about 80 acres, and a tract of about 200 acres on Mayfield Road heretofore acquired for the System, neither of which properties is now being used or is useful for the System, such sales to be at such times and in such manner and for such prices as the Issuer, with prior written approval of the Board, shall determine and without any other restrictions upon such sales 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. Furthermore, the Board and the Issuer are hereby authorized to negotiate, lease and otherwise dispose of the oil and gas minerals underlying a tract of real estate situate in Clinton Taxing District, Monongalia County, West Virginia, and containing 104 acres, more or less, for a royalty of not less than 1/8th of all oil and gas produced from said property, or a delay rental of not less than $312.00 per year, for a primary term of not to exceed 8 years. All moneys received from the leasing of the aforesaid oil and gas or from any other property of the System shall be deposited in the Revenue Fund and expended therefrom as provided herein.

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 2001 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 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 2001 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 2001 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2001 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 Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the First Lien 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 2001 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 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 the Series 2001 A Bonds issued pursuant hereto, 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 Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and 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 2001 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 2001 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, 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.

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. 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 Council, or any other original purchaser of the Series 2001 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2001 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 2001 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2001 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Prior to the issuance of the Series 2001 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 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 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 2001 A Reserve Account and any reserve accounts for obligations on a parity with the Series 2001 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 2001 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 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 ordinance 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 Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall 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 Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and

resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

Section 7.11. Engineering Services and Operating Personnel. The Board 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 Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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

Section 7.13. Enforcement of Collections. The 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 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Board further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System 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 2001 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 Council and 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. To the extent permitted by the laws of the State and the rules and regulations of The Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The 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 and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2001 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 Council 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 Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 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 2001 A Bonds during the term thereof is, under the terms of the Series 2001 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 2001 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 2001 A Bonds during the term thereof is, under the terms of the Series 2001 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 2001 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 2001 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 2001 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 2001 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 2001 A Bonds and the interest, if any, 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, if any, on the Series 2001 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 2001 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2001 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2001 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 Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 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 2001 A Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holder of the Cheat Neck Public Service District Bond.

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 2001 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2001 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 2001 A Bonds which would cause the Series 2001 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 2001 ABonds) so that the interest on

the Series 2001 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; Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. 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 2001 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2001 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.

In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 2001 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 2001 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 2001 A Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect an applicable to the Series 2001 A Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer 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. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 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 2001 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 2001 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 2001 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 2001 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2001 A Bonds; or

(2) If default occurs in the Issuer or Bond's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 2001 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 A Bonds, and such default shall have continued for a period of 30 days after the Issuer or Board, as appropriate shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner 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 2001 A Bonds shall be on a parity with those of the Holders of the First Lien Bonds and senior to those of the Holders of the Cheat Neck Public Service District Bond.

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 2001 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 2001 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 2001 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 2001 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 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 2001 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2001 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 2001 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 2001 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 2001 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. 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 2001 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 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:	December 19, 2000
Passed on Second Reading:	January 3, 2001
Passed on Final Reading Following Public Hearing:	January 16, 2001

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AND CORRECT AS TO FORM:

_____
City Solicitor

02/02/01
627490/00003

CERTIFICATION

CH420658.2

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 16th day of January, 2001.

Dated: February 8, 2001.

[SEAL]

_____

City Clerk

EXHIBIT A

Loan Agreement is included in bond transcript as Documents 3.

THE CITY OF MORGANTOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2001 A (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND), 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.

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 January 16, 2001 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS 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 $4,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS

AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING 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 2001 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 2001 A Bonds"), in the aggregate principal amount not to exceed $4,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2001 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer 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 2001 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $3,812,470. The Series 2001 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2015, and shall bear interest at the rate of 3% 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 June 1, 2002, and maturing December 1, 2015, 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 2001 A Bonds. The Series 2001 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2001 A Bonds.

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 Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, 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 2001 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2001 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2001 A Bonds proceeds in the amount of $16,000.00, shall be used to purchase a Surety Bond to fund the Series 2001 A Bonds Reserve Account.

Section 9. The proceeds of the Series 2001 A Bonds shall be deposited in or credited to the Series 2001 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 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 February 8, 2001, 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 2001 A Bonds Sinking Fund, including the Series 2001 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. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds. The Issuer hereby appoints the General Manager of the Morgantown Utility Board as its agent for the review and approval of all future invoices for the Project to be paid from the proceeds of the Bonds.

Section 15. The Issuer hereby appoints the Morgantown Utility Board as agent of the Issuer for the purpose of receiving all advances of the proceeds of the Bonds from the Council, and the Issuer hereby assigns its right to receive such advances to the Morgantown Utility Board.

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

Adopted this 6th day of February, 2001.

_____
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 February, 2001.

Dated: February 8, 2001.

[SEAL]

_____
City Clerk

2/7/06
627490/00003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND
SERIES 2001 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $3,812,470

KNOW ALL MEN BY THESE PRESENTS: That 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 THREE MILLION EIGHT HUNDRED TWELVE THOUSAND FOUR HUNDRED SEVENTY DOLLARS ($3,812,470), 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 June 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, at the rate per annum as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated February 8, 2001.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks, sewerage, and stormwater 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, sewerage, and stormwater 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 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on January 16, 2001, a Supplemental Resolution and Second Supplemental Resolution, both duly adopted by the Issuer on February 6, 2001, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 2007 (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 UTILITY 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 UTILITY 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 UTILITY 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"); AND (4) COMBINED UTILITY 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") (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 2001 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 2001 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2001 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.

[Remainder of Page Intentionally Left Blank]

SPECIMEN

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 August 14, 2007.

[SEAL]

Mayor

City Manager

ATTEST:

Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

WEST VIRGINIA INFRASTRUCTURE FUND

RECORD OF ADVANCES

Project Name: Morgantown Utility Board

Date Closed: 02/08/01

Loan Amount: $3,812,470

Series 2001 A

	Amount	Date		Amount	Date
1	$232,041	02/08/01	18	$41,479	08/30/02
2	175,305	05/15/01	19	56,941	09/30/02
3	92,296	05/31/01	20	22,474	10/31/02
4	150,311	06/26/01	21	41,159	11/25/02
5	117,120	07/16/01	22	10,588	12/20/02
6	124,647	08/31/01	23	19,860	01/31/03
7	84,989	09/28/01	24	27,371	02/28/03
8	500,806	10/31/01	25	12,014	03/31/03
9	329,061	11/30/01	26	25,274	04/30/03
10	272,087	12/21/01	27	51,509	05/30/03
11	234,735	01/31/02	28	4,996	06/25/03
12	252,296	02/28/02	29	77,169	08/29/03
13	159,288	03/29/02	30	53,641	10/31/03
14	330,973	04/30/02	31	3,356	11/24/03
15	45,226	05/31/02	32	38,361	01/31/05
16	125,979	06/25/02	33		
17	99,018	07/31/02	34		
	$3,326,278 Total			$486,192	
				$3,812,470	

EXHIBIT B

Morgantown Utility Board (West Virginia)

Loan of $3,812,470
15 Years, 3% Interest Rate
Closing Date: February 8, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2001	-	-	-	-
6/01/2001	-	-	-	-
9/01/2001	-	-	-	-
12/01/2001	-	-	-	-
3/01/2002	-	-	-	-
6/01/2002	56,257.00	3.000%	28,593.53	84,850.53
9/01/2002	56,679.00	3.000%	28,171.60	84,850.60
12/01/2002	57,104.00	3.000%	27,746.51	84,850.51
3/01/2003	57,532.00	3.000%	27,318.23	84,850.23
6/01/2003	57,964.00	3.000%	26,886.74	84,850.74
9/01/2003	58,398.00	3.000%	26,452.01	84,850.01
12/01/2003	58,836.00	3.000%	26,014.02	84,850.02
3/01/2004	59,278.00	3.000%	25,572.75	84,850.75
6/01/2004	59,722.00	3.000%	25,128.17	84,850.17
9/01/2004	60,170.00	3.000%	24,680.25	84,850.25
12/01/2004	60,622.00	3.000%	24,228.98	84,850.98
3/01/2005	61,076.00	3.000%	23,774.31	84,850.31
6/01/2005	61,534.00	3.000%	23,316.24	84,850.24
9/01/2005	61,996.00	3.000%	22,854.74	84,850.74
12/01/2005	62,461.00	3.000%	22,389.77	84,850.77
3/01/2006	62,929.00	3.000%	21,921.31	84,850.31
6/01/2006	63,401.00	3.000%	21,449.34	84,850.34
9/01/2006	63,877.00	3.000%	20,973.83	84,850.83
12/01/2006	64,356.00	3.000%	20,494.76	84,850.76
3/01/2007	64,838.00	3.000%	20,012.09	84,850.09
6/01/2007	65,325.00	3.000%	19,525.80	84,850.80
9/01/2007	65,815.00	3.000%	19,035.86	84,850.86
12/01/2007	66,308.00	3.000%	18,542.25	84,850.25
3/01/2008	66,806.00	3.000%	18,044.94	84,850.94
6/01/2008	67,307.00	3.000%	17,543.90	84,850.90
9/01/2008	67,811.00	3.000%	17,039.09	84,850.09
12/01/2008	68,320.00	3.000%	16,530.51	84,850.51
3/01/2009	68,832.00	3.000%	16,018.11	84,850.11
6/01/2009	69,349.00	3.000%	15,501.87	84,850.87
9/01/2009	69,869.00	3.000%	14,981.75	84,850.75
12/01/2009	70,393.00	3.000%	14,457.74	84,850.74
3/01/2010	70,921.00	3.000%	13,929.79	84,850.79
6/01/2010	71,453.00	3.000%	13,397.88	84,850.88
9/01/2010	71,988.00	3.000%	12,861.98	84,849.98
12/01/2010	72,528.00	3.000%	12,322.07	84,850.07
3/01/2011	73,072.00	3.000%	11,778.11	84,850.11
6/01/2011	73,620.00	3.000%	11,230.07	84,850.07
9/01/2011	74,173.00	3.000%	10,677.92	84,850.92
12/01/2011	74,729.00	3.000%	10,121.63	84,850.63
3/01/2012	75,289.00	3.000%	9,561.16	84,850.16
6/01/2012	75,854.00	3.000%	8,996.49	84,850.49

Morgantown Utility Board (West Virginia)

Loan of $3,812,470
15 Years, 3% Interest Rate
Closing Date: February 8, 2001

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2012	76,423.00	3.000%	8,427.59	84,850.59
12/01/2012	76,996.00	3.000%	7,854.41	84,850.41
3/01/2013	77,574.00	3.000%	7,276.94	84,850.94
6/01/2013	78,155.00	3.000%	6,695.14	84,850.14
9/01/2013	78,742.00	3.000%	6,108.98	84,850.98
12/01/2013	79,332.00	3.000%	5,518.41	84,850.41
3/01/2014	79,927.00	3.000%	4,923.42	84,850.42
6/01/2014	80,527.00	3.000%	4,323.97	84,850.97
9/01/2014	81,130.00	3.000%	3,720.02	84,850.02
12/01/2014	81,739.00	3.000%	3,111.54	84,850.54
3/01/2015	82,352.00	3.000%	2,498.50	84,850.50
6/01/2015	82,970.00	3.000%	1,880.86	84,850.86
9/01/2015	83,592.00	3.000%	1,258.58	84,850.58
12/01/2015	84,219.00	3.000%	631.64	84,850.64
Total	3,812,470.00	-	854,308.10	4,666,778.10

YIELD STATISTICS

Accrued Interest from 02/08/2001 to 02/08/2001	(121,681.33)
Bond Year Dollars	$32,532.98
Average Life	8.533 Years
Average Coupon	2.6259757%
Net Interest Cost (NIC)	2.6259757%
True Interest Cost (TIC)	3.0197990%
Bond Yield for Arbitrage Purposes	3.0197990%
All Inclusive Cost (AIC)	3.0197990%

IRS FORM 8038

Net Interest Cost	3.0000002%
Weighted Average Maturity	8.533 Years

SPECIMEN

(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:

_____

06/31/07
627490.00019

2006 A

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 of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond

Registrar or Registrar for 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 an 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]

Linda L. Lister
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]

Linda L. Lutes
City Clerk

06.05.06
627490.00021

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 dililgently 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.

[Remainder of Page Intentionally Left Blank]

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. Little
City Clerk

06/26/06
627490/00021

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS
SERIES 2006 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $6,410,191

KNOW ALL MEN BY THESE PRESENTS: That on this the 1st day of August, 2007, 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, sewerage, and stormwater 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, sewerage, and stormwater 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, a Supplemental Resolution duly adopted by the Issuer on June 6, 2006, and an Amendatory Ordinance duly enacted by the Issuer on April 17, 2007 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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 (5) COMBINED UTILITY 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").

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 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that 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 Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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]

SPECIMEN

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:

Acting City Clerk

SPECIMEN

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: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

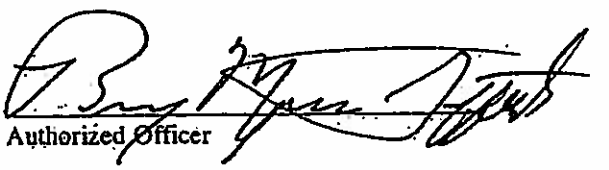
By: 
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$320,510	June 30, 2006	(19)	$	
(2)	$624,534	September 22, 2006	(20)	$	
(3)	$645,433	October 25, 2006	(21)	$	
(4)	$167,315	November 6, 2006	(22)	$	
(5)	$286,229	December 6, 2006	(23)	$	
(6)	$284,298	January 5, 2007	(24)	$	
(7)	$331,328	February 2, 2007	(25)	$	
(8)	$231,709	March 1, 2007	(26)	$	
(9)	$261,425	April 3, 2007	(27)	$	
(10)	$201,088	May 3, 2007	(28)	$	
(11)	$182,869	June 8, 2007	(29)	$	
(12)	$223,111	July 9, 2007	(30)	$	
(13)	$337,444	August 2, 2007	(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.

SPECIMEN

(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:

_____

07/31/07
627490.00019

2007 A

BOND ORDINANCE

THE CITY OF MORGANTOWN

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

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

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds
Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds FORM OF SERIES 2007 A BOND
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12	Filing of Amended Schedule

ARTICLE IV
[RESERVED]

Section 4.01. [Reserved]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds
Section 5.04 Reserve Account Letter of Credit or Surety Bond

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Series 2007 A Bond Construction Trust Funds

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds
Section 7.04 Rates and Charges
Section 7.05 Sale of the System
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report
Section 7.11 Engineering Services and Operating Personnel
Section 7.12 No Competing Franchise
Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Mandatory Use
Section 7.17 Completion of Project; Permits and Orders

Section 7.18	Compliance with Loan Agreement and Law
Section 7.19	Tax Covenants
Section 7.20	Securities Laws Compliance
Section 7.21	Contracts; Public Releases
Section 7.22	Statutory Mortgage Lien

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments
Section 8.02	Arbitrage and Tax Exemption
Section 8.03	Tax Certificate and Rebate

ARTICLE IX
DEFAULT AND REMEDIES

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds

ARTICLE XI
MISCELLANEOUS

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

SIGNATURES
CERTIFICATION
EXHIBIT A

BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 UTILITY SYSTEM REVENUE BONDS, SERIES 2007 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of improvements to the stream channel and banks, and improvements to the stream channel geometry and profile in the Burroughs Run and Poponoe Run watersheds of the Issuer, in order to reduce flooding and flooding related damages, and to stabilize the stream in order to reduce sedimentation and erosion and resulting water quality degradation, together with all appurtenant facilities as more particularly described as follows: (i) Burroughs Run Components- culvert replacements and upgrades, stream channel improvements, the installation of various stormwater collection and conveyance facilities, wetland reconstruction and (ii) Poponoe Run Components- culvert replacements and upgrades, stream channel improvements, the installation of a retaining wall, and various stormwater collection and conveyance facilities (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 from a contribution from the West Virginia Department of Transportation, and an EPA 319 Grant (collectively the "Grants").

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), in the aggregate principal amount of not more than $8,500,000 (the "Series 2007 A Bonds"), to permanently finance a portion of 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 2007 A Bonds for a period not exceeding 6 months

after completion of construction of the Project; amounts which may be deposited in the Series 2007 A Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2007 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 2007 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 or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2007 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 2007 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 2007 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Utility 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 Utility 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 Utility 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"), (4) Combined Utility 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"), (5) Combined Utility 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"), and (6) Combined Utility 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 "Series 2006 A Bonds") (collectively, the "Prior Bonds").

H. Prior to the issuance of the Series 2007 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 Prior Bonds to the issuance of the Series 2007 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no 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 2007 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 2007 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. The stormwater system of the Issuer is not subject to the jurisdiction of the Public Service Commission of West Virginia and it is not necessary for the Issuer to obtain a certificate of public convenience and necessity from the Public Service Commission for the Project.

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 2007 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 2007 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"**Act**" means, 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 2007 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 2007 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 2007 A Bonds for all or a portion of the proceeds of the Series 2007 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.

"**Council**" means the West Virginia Infrastructure and Jobs Development Council.

"**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 2007 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 2007 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 2007 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"**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.

"**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.

"**2006 Ordinance**" means the ordinance of the Issuer enacted April 4, 2006, as supplemented by the Supplemental Resolution of the Issuer dated June 6, 2006.

"**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 of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"**Operation and Maintenance Fund**" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"**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 2007 A Bonds in the Supplemental Resolution.

"**Prior Bonds**" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, the Series 2001 A Bonds, and the Series 2006 A Bonds.

"**Prior Ordinances**" means, collectively, the 1992 Ordinance, the 1995 Ordinance, the 2000 Ordinance, the 2001 Ordinance, and the 2006 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 Board of Treasury Investments pursuant to Chapter 12, Article 6(c) 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 2007 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 2007 A Bonds.

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

"**Series 1992 Bonds**" means the Combined Utility 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 Utility 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 2000 A Bonds**" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"**Series 2007 A Bonds Construction Trust Fund**" means the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"**Series 2007 A Bonds Reserve Account**" means the Series 2007 A Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2007 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 2007 A Bonds in the then current or any succeeding year.

"**Series 2007 A Bonds Sinking Fund**" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"**Sinking Funds**" means, collectively, the respective Sinking Funds established for the Series 2007 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 2007 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds, and not so included may be included in another Supplemental Resolution.

"**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 2007 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, sewerage, and stormwater 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 $9,050,000, 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 2007 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 $9,050,000, of which not to exceed $8,500,000 will be obtained from proceeds of the Series 2007 A Bonds, $300,000 will be provided pursuant to a contribution from the West Virginia Department of Transportation, and $250,000 will be obtained pursuant to an EPA 319 Grant.

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 2007 A Bonds, if any, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2007 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 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 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated as "Combined Utility System Revenue Bonds, Series 2007 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 2007 A Bonds remaining after purchasing a surety bond to fund the Series 2007 A Bonds Reserve Account or cash funding the Series 2007 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2007 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 2007 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 2007 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 2007 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 2007 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 2007 A Bonds. The Series 2007 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 2007 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 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed have been actually sold and delivered, 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 2007 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2007 A 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 2007 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, 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 2007 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2007 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 2007 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 2007 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2007 A Bonds or transferring the registered Series 2007 A Bonds are exercised, all Series 2007 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2007 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 2007 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 2007 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2007 A Bonds or, in the case of any proposed redemption of Series 2007 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 2007 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 2007 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the System as herein

provided. No Holder or Holders of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 2007 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 2007 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 2007 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2007 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 2007 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 2007 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 2007 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2007, 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 and SRF administrative fee 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 _____, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater 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, sewerage, and stormwater 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 _____, 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The 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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); AND (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS") (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 2007 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 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2007 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.

[THE REMAINDER OF THIS PAGE IS 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: _____, 2007.

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 2007 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 an 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 2007 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 2007 A Bonds Sinking Fund; and

(2) Series 2007 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 2007 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2007 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 2007 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 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 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 2007 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 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement; provided that, no

further payments shall be made into the Series 2007 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 A Bonds Reserve Requirement.

(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 2007 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2007 A Bonds, as the same shall become due. Moneys in the Series 2007 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2007 A Bonds, as the same shall come due, when other moneys in the Series 2007 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2007 A Bonds Sinking Fund and the Series 2007 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 2007 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 2007 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2007 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2007 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 2007 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 2007 A Bonds Sinking Fund or the Series 2007 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 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 2007 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 2007 A Bonds Sinking Fund and the Series 2007 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 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 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 2007 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 2007 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2007 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 2007 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 2007 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 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 2007 A Bonds, the Issuer may purchase a surety bond to fund the Series 2007 A Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2007 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2007 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2007 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 2007 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 2007 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2007 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 2007 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 2007 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 2007 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 2007 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 2007 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 2007 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 2007 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 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 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 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 2007 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 2007 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, the sewer rate ordinance of the Issuer enacted December 20, 2005, and the stormwater rate ordinance of the Issuer enacted April 17, 2007, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2007 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 2007 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 2007 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 2007 A Bonds, immediately be remitted to the Commission for deposit in the Series 2007 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 2007 A Bonds. Any balance remaining after the payment of the Series 2007 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 2007 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 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 2007 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 2007 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2007 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 2007 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 2007 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 any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 2007 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 2007 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 2007 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2007 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 2007 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2007 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 2007 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2007 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2007 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 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds. 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 stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

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 the Board, 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 2007 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 Use. The mandatory use of the stormwater 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. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

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

of the Project, or if the Series 2007 A Bonds 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 2007 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 2007 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 2007 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer 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 2007 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 2007 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 2007 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 2007 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 2007 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 2007 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 2007 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2007 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 2007 A Bonds which would cause the Series 2007 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 2007 A Bonds) so that the interest on the Series 2007 A Bonds will be and

remain excludable from gross income for federal income tax purposes, and will not take any actions 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 2007 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2007 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer 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 2007 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 2007 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 2007 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 2007 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2007 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 2007 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the 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 2007 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 2007 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 2007 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2007 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2007 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 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 2007 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 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 2007 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 2007 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 2007 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 PLLC, Morgantown, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2007 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 2007 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: April 3, 2007

Passed on Second Reading: April 17, 2007

Passed on Final Reading
Following Public Hearing: May 1, 2007

By: Ronald Justice
Mayor

ATTEST:

By: Donna Raley
Acting City Clerk

APPROVED AND CORRECT AS TO FORM:

By: Stephen R Faruki
City Solicitor

627490.00019

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of May, 2007.

Dated: August 8, 2007.

[SEAL]

Donna Robert
Acting City Clerk

EXHIBIT A

Loan Agreement is included in bond transcript as Document 3.

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2007 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 UTILITY SYSTEM REVENUE BONDS, SERIES 2007 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 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 May 1, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE STORMWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 UTILITY SYSTEM REVENUE BONDS, SERIES 2007 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 Utility System Revenue Bonds Series 2007 A (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 2007 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 2007 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (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; and

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 Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $8,500,000. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2029, and shall bear interest at the rate of 2.0 % 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, 2009, and maturing June 1, 2029, 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 2007 A Bonds. The Series 2007 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 2007 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1.0 % of the principal amount of the Series 2007 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

Section 2. In Section 2.01 of the Bond Ordinance it is provided that the Project cost is estimated not to exceed $9,050,000. Due to construction bid overruns, the actual cost of the Project as set forth in the Schedule A for the Series 2007 A Bonds is $9,175,000. Accordingly, the Issuer hereby approves the increased project cost amount of $9,175,000 as set forth in the Schedule A for the Series 2007 A Bonds.

Section 3. 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 4. 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 5. 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 6. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the following outstanding bonds of the Issuer: (1) Combined Utility 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 Utility 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 Utility 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"), (4) Combined Utility 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"), (5) Combined Utility 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"), and (6) Combined Utility 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 "Series 2006 A Bonds"). The Issuer does hereby approve and accept the Registrar's Agreement with respect to the Series 1992 Bonds, the Series

1995 Bonds, the Series 2000 A Bonds, the Series 2000 B Bonds, the Series 2001 A Bonds, and the Series 2006 A Bonds 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 7. 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 8. 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 9. Series 2007 A Bonds proceeds in the amount of $0 shall be deposited in the Series 2007 A Bonds Sinking Fund, as capitalized interest.

Section 10. Series 2007 A Bonds proceeds may be used to purchase a Surety Bond to fund the Series 2007 A Bonds Reserve Account. In the event that a Surety Bond is not available, Series 2007 A Bonds proceeds in an amount equal to the maximum annual debt service on the Series 2007 A Bonds shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 11. The proceeds of the Series 2007 A Bonds shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds, the cost of purchasing a Surety Bond or the cost of funding the Series 2007 A Bonds Reserve Account and related costs.

Section 12. 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 August 14, 2007, to the Authority pursuant to the Loan Agreement.

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

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

Section 15. 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 2007 A Bonds Sinking Fund, including the Series 2007 A Bonds Reserve Account therein, if any, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 7th day of August, 2007.

Mayor

ATTEST:

Acting City Clerk

APPROVED AND CORRECT AS TO FORM:

City Solicitor

CL1176451.3

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 7th day of August, 2007.

Dated: August 8, 2007.

[SEAL]

Donna Rolack
Acting City Clerk

07/27/07
627490.00019

CL1176451.3

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2007 A
(West Virginia SRF Program)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION APPROVING THE PURCHASE OF A SURETY BOND FOR THE SERIES 2007 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 2007 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 May 1, 2007, and a supplemental resolution, effective August 7, 2007 (said ordinance, as so supplemented, herein called the "Bond Ordinance"), authorizing the issuance of its $8,500,000 principal amount of Combined Utility System Revenue Bonds, Series 2007 A, to be dated August 14, 2007 (the "Series 2007 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 2007 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 2007 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2007 A Bonds Reserve Requirement by the deposit into the Series 2007 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 2007 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 Debt Service Reserve Fund Surety bond (the "Surety Bond") in the amount of the Series 2007 A Bonds Reserve Requirement, to be deposited in the Series 2007 A Bonds Reserve Account;

WHEREAS, the Issuer has obtained, or will obtain prior to the issuance of the Series 2007 A Bonds, the written consent of the West Virginia Water Development Authority ("WDA"), as sole purchaser and holder of the Series 2007 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 may require that the Issuer enter into a Guaranty Agreement with Ambac Assurance (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 received from Ambac Assurance (the "Commitment") and, following the receipt of the written consent of the Authority thereto, the Surety Bond be deposited in the Series 2007 A Bonds Reserve Account. Payment of the premium for purchase of the Surety Bond shall be made from proceeds of the Series 2007 A Bonds.

Section 2. The Issuer does hereby approve the execution and delivery by the Mayor and City Manager of the Issuer of a Guaranty Agreement in connection with the Surety Bond, 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 2007 A Bonds Reserve Account with respect to the Series 2007 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 2007 A Bonds, including, without limitation, notice of any redemption of or defeasance of the Series 2007 A Bonds, and any certificate rendered pursuant to this Bond Ordinance relating to the security of the Series 2007 A Bonds.

(C) To the extent that the Issuer has entered into a continuing disclosure agreement with respect to the Series 2007 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 2007 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 2007 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 2007 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 2007 A Bonds Reserve Account, plus all amounts on deposit in and credited to the Series 2007 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 2007 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 2007 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 2007 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 2007 A Bonds Reserve Account to the extent of moneys received pursuant to such Demand.

(d) The Series 2007 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 2007 A Bonds Revenues on a pro rata basis with the principal and interest on the Series 2007 A Bonds and the Prior Bonds; (ii) after all such amounts are paid in full, amounts necessary to fund the Series 2007 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.

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

Adopted this August 7, 2007.

THE CITY OF MORGANTOWN

Mayor

ATTEST:

Acting 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 August 7, 2007.

Dated: August 8, 2007.

[SEAL]

Acting City Clerk

08/2/2007
627490/00019

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2007 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

$8,500,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 14th day of August, 2007, 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 EIGHT MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS ($8,500,000.00), 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, 2009, 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, 2009, 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 and SRF administrative fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

SPECIMEN

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 August 1, 2007.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the stormwater portion of the existing public combined waterworks, sewerage, and stormwater 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, sewerage, and stormwater 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 May 1, 2007, and a Supplemental Resolution duly adopted by the Issuer on August 7, 2007 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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

SPECIMEN

A BONDS"); AND (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS") (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 2007 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 2007 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2007 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.

SPECIMEN

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance 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.

[THE REMAINDER OF THIS PAGE IS 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]

By: _____
Mayor

SPECIMEN

By: _____
City Manager

SPECIMEN

ATTEST:

By: _____
Acting City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 14, 2007.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 637,762	August 14, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

SPECIMEN

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

$8,500,000
City of Morgantown
20 Years, 2% Interest Rate, 1% Admin Fee
Closing Date: August 14, 2007

Debt Service Schedule

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I
09/01/2007	-	-	-	-
12/01/2007	-	-	-	-
03/01/2008	-	-	-	-
06/01/2008	-	-	-	-
09/01/2008	-	-	-	-
12/01/2008	-	-	-	-
03/01/2009	-	-	-	-
06/01/2009	-	-	-	-
09/01/2009	71,593.00	2.000%	35,105.00	106,698.00
12/01/2009	71,951.00	2.000%	34,747.04	106,698.04
03/01/2010	72,311.00	2.000%	34,387.28	106,698.28
06/01/2010	72,673.00	2.000%	34,025.73	106,698.73
09/01/2010	73,036.00	2.000%	33,662.36	106,698.36
12/01/2010	73,401.00	2.000%	33,297.18	106,698.18
03/01/2011	73,768.00	2.000%	32,930.18	106,698.18
06/01/2011	74,137.00	2.000%	32,561.34	106,698.34
09/01/2011	74,508.00	2.000%	32,190.65	106,698.65
12/01/2011	74,880.00	2.000%	31,818.11	106,698.11
03/01/2012	75,255.00	2.000%	31,443.71	106,698.71
06/01/2012	75,631.00	2.000%	31,067.44	106,698.44
09/01/2012	76,009.00	2.000%	30,689.28	106,698.28
12/01/2012	76,389.00	2.000%	30,309.24	106,698.24
03/01/2013	96,437.00	2.000%	37,322.29	133,759.29
06/01/2013	96,919.00	2.000%	36,840.11	133,759.11
09/01/2013	97,404.00	2.000%	36,355.51	133,759.51
12/01/2013	97,890.00	2.000%	35,868.50	133,758.50
03/01/2014	98,380.00	2.000%	35,379.05	133,759.05
06/01/2014	98,873.00	2.000%	34,887.15	133,760.15
09/01/2014	99,366.00	2.000%	34,392.78	133,758.78
12/01/2014	99,864.00	2.000%	33,895.95	133,759.95
03/01/2015	100,363.00	2.000%	33,396.63	133,759.63
06/01/2015	100,865.00	2.000%	32,894.82	133,759.82
09/01/2015	101,369.00	2.000%	32,390.49	133,759.49
12/01/2015	101,876.00	2.000%	31,883.64	133,759.64
03/01/2016	102,385.00	2.000%	31,374.27	133,759.27
06/01/2016	102,897.00	2.000%	30,862.34	133,759.34
09/01/2016	103,411.00	2.000%	30,347.86	133,758.86
12/01/2016	103,929.00	2.000%	29,830.80	133,759.80
03/01/2017	104,449.00	2.000%	29,311.16	133,760.16
06/01/2017	104,970.00	2.000%	28,788.91	133,758.91
09/01/2017	105,495.00	2.000%	28,264.06	133,759.06
12/01/2017	106,023.00	2.000%	27,736.58	133,759.58
03/01/2018	106,553.00	2.000%	27,206.47	133,759.47
06/01/2018	107,086.00	2.000%	26,673.70	133,759.70

$8,500,000

City of Morgantown

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

Closing Date: August 14, 2007

SPECIMEN

Debt Service Schedule

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I
09/01/2018	107,621.00	2.000%	26,138.27	133,759.27
12/01/2018	108,159.00	2.000%	25,600.17	133,759.17
03/01/2019	108,700.00	2.000%	25,059.38	133,759.38
06/01/2019	109,244.00	2.000%	24,515.87	133,759.87
09/01/2019	109,790.00	2.000%	23,969.65	133,759.65
12/01/2019	110,339.00	2.000%	23,420.71	133,759.71
03/01/2020	110,890.00	2.000%	22,869.01	133,759.01
06/01/2020	111,444.00	2.000%	22,314.56	133,758.56
09/01/2020	112,002.00	2.000%	21,757.34	133,759.34
12/01/2020	112,562.00	2.000%	21,197.33	133,759.33
03/01/2021	113,125.00	2.000%	20,634.52	133,759.52
06/01/2021	113,690.00	2.000%	20,068.89	133,758.89
09/01/2021	114,259.00	2.000%	19,500.44	133,759.44
12/01/2021	114,830.00	2.000%	18,929.15	133,759.15
03/01/2022	115,404.00	2.000%	18,355.00	133,759.00
06/01/2022	115,982.00	2.000%	17,777.98	133,759.98
09/01/2022	116,562.00	2.000%	17,198.07	133,760.07
12/01/2022	117,144.00	2.000%	16,615.26	133,759.26
03/01/2023	117,730.00	2.000%	16,029.54	133,759.54
06/01/2023	118,318.00	2.000%	15,440.89	133,758.89
09/01/2023	118,910.00	2.000%	14,849.30	133,759.30
12/01/2023	119,505.00	2.000%	14,254.75	133,759.75
03/01/2024	120,102.00	2.000%	13,657.23	133,759.23
06/01/2024	120,702.00	2.000%	13,056.72	133,758.72
09/01/2024	121,306.00	2.000%	12,453.21	133,759.21
12/01/2024	121,913.00	2.000%	11,846.67	133,759.67
03/01/2025	122,522.00	2.000%	11,237.11	133,759.11
06/01/2025	123,135.00	2.000%	10,624.50	133,759.50
09/01/2025	123,751.00	2.000%	10,008.82	133,759.82
12/01/2025	124,369.00	2.000%	9,390.07	133,759.07
03/01/2026	124,991.00	2.000%	8,768.22	133,759.22
06/01/2026	125,616.00	2.000%	8,143.27	133,759.27
09/01/2026	126,244.00	2.000%	7,515.19	133,759.19
12/01/2026	126,875.00	2.000%	6,883.97	133,758.97
03/01/2027	127,510.00	2.000%	6,249.59	133,759.59
06/01/2027	128,148.00	2.000%	5,612.05	133,760.05
09/01/2027	128,788.00	2.000%	4,971.30	133,759.30
12/01/2027	129,433.00	2.000%	4,327.37	133,760.37
03/01/2028	130,080.00	2.000%	3,680.20	133,760.20
06/01/2028	130,729.00	2.000%	3,029.80	133,758.80
09/01/2028	131,383.00	2.000%	2,376.15	133,759.15
12/01/2028	132,040.00	2.000%	1,719.24	133,759.24

$8,500,000
City of Morgantown
20 Years, 2% Interest Rate, 1% Admin Fee
Closing Date: August 14, 2007

SPECIMEN

Debt Service Schedule

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I
03/01/2029	105,639.00	2.000%	1,059.04	106,698.04
06/01/2029	106,168.00	2.000%	530.84	106,698.84
09/01/2029	-	2.000%	-	-
Total	$8,500,000.00	-	$1,767,774.25	$10,267,774.25 *

*Plus $11,048.60 one-percent Administrative Fee paid quarterly. Total fee over life of loan is $883,888.

Yield Statistics

Accrued Interest from 08/01/2007 to 08/01/2007	(415,196.67)
Bond Year Dollars	$109,148.53
Average Life	12.841 Years
Average Coupon	1.6196043%
Net Interest Cost (NIC)	1.6196043%
True Interest Cost (TIC)	2.0198317%
Bond Yield for Arbitrage Purposes	2.0198317%
All Inclusive Cost (AIC)	2.8081748%

IRS Form 8038

Net Interest Cost	2.0000003%
Weighted Average Maturity	12.841 Years

SPECIMEN

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

THE CITY OF MORGANTOWN, WEST VIRGINIA TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS); AND THE CITY OF MORGANTOWN, WEST VIRGINIA COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED)

BOND ORDINANCE
Table of Contents

ARTICLE I
DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Project.....

ARTICLE III
THE SERIES 2010 BONDS

Section 3.01 Form and Payment of Bonds.....
Section 3.02 Execution of Bonds.....
Section 3.03 Authentication and Registration.....
Section 3.04 Negotiability and Registration.....
Section 3.05 Bonds Mutilated, Destroyed, Stolen or Lost.....
Section 3.06 Term Bonds.....
Section 3.07 Notice of Redemption.....
Section 3.08 Persons Treated as Owners.....
Section 3.09 Temporary Bonds.....
Section 3.10 Series 2010 A Bonds and Series 2010 F Bonds.....
Section 3.11 Book Entry System for Series 2010 A Bonds and Series 2010 F Bonds.....
Section 3.12 Delivery of Series 2010 A Bonds and Series 2010 F Bonds.....
Section 3.13 Form of Series 2010 A Bonds and Series 2010 F Bonds.....
Section 3.14 Disposition of Proceeds of Series 2010 A Bonds and Series 2010 F Bonds.....
Section 3.15 Disbursements from the Acquisition and Construction Funds.....

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS; BUILD AMERICA BONDS COVENANTS AND ELECTION

Section 4.01 Establishment of Funds and Accounts with Depository Bank.....
Section 4.02 Establishment of Funds and Accounts with Bond Commission.....
Section 4.03 System Revenues and Application Thereof.....
Section 4.04 Build America Bonds – Authorization and Additional Covenants of the Issuer; Tax Elections. .....

ARTICLE V
INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01 Investments.....
Section 5.02 Continuing Disclosure Agreement .....
Section 5.03 Arbitrage, Build America Bonds and Tax Exemption .....
Section 5.04 Tax Certificate and Rebate.....

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01 Covenants Binding and Irrevocable.....
Section 6.02 Bonds not to be Indebtedness of the Issuer.....
Section 6.03 Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund .....
Section 6.04 Rates.....
Section 6.05 Completion of Project; Operation and Maintenance .....
Section 6.06 Sale of the System.....
Section 6.07 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances .....
Section 6.08 Additional Parity Bonds.....
Section 6.09 Insurance and Bonds .....
Section 6.10 Services Rendered to the Board or Issuer .....
Section 6.11 Enforcement of Collections .....
Section 6.12 No Competing Franchise .....
Section 6.13 Books and Records .....
Section 6.14 Operating Budget.....
Section 6.15 Mandatory Connections.....
Section 6.16 Statutory Mortgage Lien.....
Section 6.17 Covenants Regarding the Municipal Bond Insurance Policy .....
Section 6.18 Tax Covenants .....

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01 Events of Default .....

Section 7.02 Enforcement
Section 7.03 Appointment of Receiver
Section 7.04 Restoration of Issuer and Bondholder

ARTICLE VIII
REGISTRAR AND PAYING AGENT

Section 8.01 Appointment of Registrar
Section 8.02 Responsibilities of Registrar
Section 8.03 Evidence on Which Registrar May Act
Section 8.04 Compensation and Expenses
Section 8.05 Certain Permitted Acts
Section 8.06 Resignation of Registrar
Section 8.07 Removal
Section 8.08 Appointment of Successor
Section 8.09 Transfer of Rights and Property to Successor
Section 8.10 Merger or Consolidation
Section 8.11 Adoption of Authentication
Section 8.12 Paying Agent

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01 Defeasance; Discharge of Pledge of Ordinance

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendment of Ordinance
Section 10.02 Evidence of Signatures of Bondholders and Ownership of Bonds
Section 10.03 Preservation and Inspection of Documents
Section 10.04 Cancellation of Bonds
Section 10.05 Failure to Present Bonds
Section 10.06 Notices, Demands and Requests
Section 10.07 No Personal Liability
Section 10.08 Law Applicable
Section 10.09 Parties Interested Herein
Section 10.10 Designation of Series 2010 F as Qualified Tax-Exempt Obligations
Section 10.11 Severability of Invalid Provisions
Section 10.12 Table of Contents and Headlines
Section 10.13 Conflicting Provisions Repealed
Section 10.14 Procedure on Enactment of Ordinance; Public Hearing

SIGNATURES
CERTIFICATION
EXHIBIT A - SERIES 2010 A BOND FORM
EXHIBIT B - SERIES 2010 F BOND FORM

THE CITY OF MORGANTOWN, WEST VIRGINIA

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $50,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS) AND NOT MORE THAN $9,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED); PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, The City of Morgantown (the "Issuer" or the "City") presently owns and operates, through The City of Morgantown Utility Board (the "Board"), a public combined waterworks, sewerage and stormwater system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, betterments and improvements thereto through the issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Prior Bonds, as hereinafter defined.

WHEREAS, all of the Prior Bonds were issued pursuant to ordinances of the Issuer previously enacted (such ordinances, as so amended and supplemented, collectively herein called the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and

empowered to acquire, construct and operate extensions, additions, betterments and improvements for the System;

WHEREAS, the Issuer has determined, and does hereby affirm, that the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the System, is necessary, appropriate, useful and desirable for the health, safety, and welfare of the inhabitants of the City and surrounding areas;

WHEREAS, the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) (enacted February 17, 2009) added Section 54AA to the Internal Revenue Code of 1986, as amended, authorizing state and local governments at their option to issue "Build America Bonds" as taxable governmental bonds with a direct federal subsidy of a percentage of the interest payments on such bonds;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the waterworks portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) (the "Series 2010 A Bonds"), such Series 2010 A Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein;

WHEREAS, the Issuer has determined that the aforementioned acquisition and construction of extensions, additions, betterments and improvements to the waterworks portion of the System should be financed, as provided under the Act, in whole or in part, from the proceeds of revenue bonds to be issued by the Issuer, to pay all or any portion of the costs thereof, and to enact this Ordinance and issue its Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified) (the "Series 2010 F Bonds"), such Series 2010 F Bonds to be secured by and payable from the Gross Revenues of the System, and containing such other terms and provisions as are hereinafter provided, all in the manner set forth herein; and

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of the City that its Series 2010 A Bonds and Series 2010 F Bonds be sold to the Original Purchaser (as hereinafter defined) thereof pursuant to the terms and provisions of a bond purchase agreement, (the "Bond Purchase Agreement") between the Issuer and the Original Purchaser, hereinafter defined.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY, FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 20 of the West Virginia Code of 1931, as amended and in effect on the Closing Date for the Series 2010 A Bonds and Series 2010 F Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer or any other officer of the Issuer specifically designated by resolution of the Council of the Issuer.

"BAB Interest Subsidy Payments" means payments to be received by the Issuer from the U.S. Department of the Treasury under Code Sections 54AA(g) and 6431 in connection with the payments of interest on the Series 2010 A Bonds or any additional parity Bonds which are Build America Bonds or other similarly designated federal subsidy bonds (including payments received under similar Federal bond subsidy provisions).

"Board" shall mean The City of Morgantown Utility Board, created by an ordinance of the Issuer, or any successor thereto.

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

"Bond Counsel" means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder," "Holder of the Bonds," "Owner of the Bonds," "Registered Owner," or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2010 A Bonds and Series 2010 F Bonds, shall initially mean the bond insurer or bond insurers, if any, named in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of the Series 2010 A Bonds and Series 2010 F Bonds.

"Bond Year" means with respect to each series of the Series 2010 A Bonds and Series 2010 F Bonds the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Bonds" means, collectively, the Series 2010 Bonds, the Prior Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"Build America Bonds" shall mean bonds treated as "Build America Bonds" pursuant to the provisions of Section 54AA of the Code.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations, West Virginia banking corporations or the New York Stock Exchange are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2010 A Bonds and Series 2010 F Bonds in substantially the form set forth in **EXHIBIT A - SERIES 2010 A BOND FORM** and **EXHIBIT B - SERIES 2010 F BOND FORM** hereto.

"City" or **"Issuer"** means The City of Morgantown, a municipal corporation and political subdivision of the State of West Virginia, in Monongalia County thereof, and, where appropriate, the Council, the Board and any successor thereto.

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

"Clerk" means the City Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and including the American Recovery and Reinvestment Act of 2009 and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

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

"Consulting Engineers" means any independent qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation those costs set forth in Section 1.02C.

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

"Debt Service" with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC" means The Depository Trust Company, New York, New York, or its successor thereof.

"DTC-eligible" means, with respect to the Series 2010 A Bonds and Series 2010 F Bonds, meeting the qualifications prescribed by DTC.

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

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

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

"Government Obligations" shall have the meaning set forth in the Supplemental Resolution.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System and includes investment income, connection fees, disconnections fees, System use charges and fees, BAB Interest Subsidy Payments and all other items of income which have been established as reasonably anticipated annual income of the System, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the

sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments).

"**Independent Accountant**" means the West Virginia State Tax Department or 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 purpose except keeping the accounts of said System in the normal operations of its business and affairs.

"**Investment Property**" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"**Maximum Annual Debt Service**" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year.

"**Mayor**" means the Mayor of the Issuer.

"**Municipal Bond Insurance Policy**" means the municipal bond insurance policy, if any, issued by the Bond Insurer simultaneously with the delivery of the Series 2010 A Bonds and Series 2010 F Bonds, insuring the timely payment of the principal of and interest on all or any of the Series 2010 A Bonds and Series 2010 F Bonds, in accordance with the terms thereof.

"**Net Proceeds**" means the face amount of the Series 2010 A Bonds and Series 2010 F Bonds, plus accrued interest and premium, if any, less original issue discount, if any, on such issue, and less proceeds deposited in the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 A Bonds and Series 2010 F Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"**Net Revenues**" means Gross Revenues less Operating Expenses.

"**Nonpurpose Investment**" means any Investment Property which is acquired with the gross proceeds of the Series 2010 A Bonds and Series 2010 F Bonds and is not acquired in order to carry out the governmental purpose of the Series 2010 A Bonds and Series 2010 F Bonds.

"**Operating Expenses**" unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without

limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

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

"Original Purchaser" means the investment banking firm or firms, bank or banks or such other entity or entities as shall purchase the Series 2010 A Bonds and Series 2010 F Bonds directly from the Issuer, as determined by a resolution supplemental hereto.

"Outstanding" when used with reference to the Series 2010 Bonds or the Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bonds at or prior to said date; (b) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds or Prior Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond or Prior Bond, such Bond or Prior Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means, initially, the West Virginia Municipal Bond Commission and any other paying agent for the Series 2010 A Bonds and Series 2010 F Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, and Series 2007 A Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer authorizing the issuance of the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person

other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Project" means the acquisition and construction of certain additions, betterments and improvements to the System, including the acquisition of the sewerage systems of the Willow Springs system.

"Purchase Price" for the purpose of computation of the Yield of the Series 2010 A Bonds and Series 2010 F Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2010 to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds of each maturity is sold or, if the Series 2010 Bonds are privately placed, the price paid by the first buyer of the Series 2010 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2010 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2010 A Bonds and Series 2010 F Bonds.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

"Record Date" means the date or dates which shall be so stated in the Series 2010 A Bonds and Series 2010 F Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which any of the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the interest and the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2010 A Bonds and Series 2010 F Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

"**Series 1992 Bonds**" means the Combined Utility 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 Utility 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 2000 A Bonds**" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"**Series 2010 Bonds**" means, collectively, the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"**Series 2010 Bonds Acquisition and Construction Fund**" means the Series 2010 Bonds Acquisition and Construction Fund created by Section 4.01 hereof.

"**Series 2010 A Bonds**" means the Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"**Series 2010 A Bonds Costs of Issuance Fund**" means the Series 2010 A Costs of Issuance Fund created by Section 4.01 hereof.

"**Series 2010 A Bonds Redemption Account**" means the Redemption Account created in the Series 2010 A Bonds Sinking Fund by Section 4.02 hereof.

"**Series 2010 A Bonds Reserve Account**" means the Series 2010 A Bonds Reserve Account created in the Series 2010 A Bonds Sinking Fund by Section 4.02 hereof.

"**Series 2010 A Bonds Reserve Account Requirement**" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2010 A Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2010 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2010 A Bonds.

"**Series 2010 A Bonds Sinking Fund**" means the Series 2010 A Bonds Sinking Fund created by Section 4.02 hereof.

"**Series 2010 B Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), to be issued concurrently herewith in the original aggregate principal amount of $81,600.

"**Series 2010 B Bonds Ordinance**" means the Ordinance authorizing the Series 2010 B Bonds.

"**Series 2010 C Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), to be issued concurrently herewith in the original aggregate principal amount of $15,203,668.

"**Series 2010 C Bonds Ordinance**" means the Ordinance authorizing the Series 2010 C Bonds.

"**Series 2010 D Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), to be issued concurrently herewith in the original aggregate principal amount not to exceed $9,317,286.

"**Series 2010 D Bonds Ordinance**" means the Ordinance authorizing the Series 2010 D Bonds.

"**Series 2010 E Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), to be issued concurrently herewith in the original aggregate principal amount not to exceed $100,000.

"**Series 2010 E Bonds Ordinance**" means the Ordinance authorizing the Series 2010 E Bonds.

"**Series 2010 F Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"**Series 2010 F Bonds Costs of Issuance Fund**" means the Series 2010 F Costs of Issuance Fund created by Section 4.01 hereof.

"Series 2010 F Bonds Redemption Account" means the Redemption Account created in the Series 2010 F Bonds Sinking Fund by Section 4.02 hereof.

"Series 2010 F Bonds Reserve Account" means the Series 2010 F Bonds Reserve Account created in the Series 2010 F Bonds Sinking Fund by Section 4.02 hereof.

"Series 2010 F Bonds Reserve Account Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2010 F Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2010 A Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2010 F Bonds.

"Series 2010 F Bonds Sinking Fund" means the Series 2010 F Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2010 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Resolutions to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates, redemption provisions, Bond Insurer provisions (if any) and other terms of the Series 2010 A Bonds and Series 2010 F Bonds and authorizing the sale of the Series 2010 A Bonds and Series 2010 F Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

"Tax Certificate" means the Issuer's Tax Certificate dated as of the date of issuance of the Series 2010 A Bonds and Series 2010 F Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations

and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

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

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

Section 1.03. Findings. The Council hereby finds and determines as follows:

A. 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's existing water treatment plant facilities, including capacity expansion, replacement of raw water intake and pumps, membrane filtration facilities, SCADA system and electrical upgrades, fire protection facilities, lines, transmission mains, storage tanks, shop, garage and office improvements, other additions and improvements and all necessary appurtenances; and if not financed through other sources, water distribution system additions and improvements, including new water storage tanks, transmission lines, pumping stations, SCADA system and electrical improvements, building improvements and expansion, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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. It is deemed necessary for the Issuer to issue its Taxable-Combined Utility System Revenue Bonds, Series 2010 A, in the aggregate principal amount of not more than $50,000,000 and its Combined Utility System Revenue Bonds, Series

2010 F, in the aggregate principal amount of not more than $9,000,000, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2010 A Bonds and Series 2010 F Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account; underwriter's discount, 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; premiums for municipal bond insurance, reserve account insurance or reserve account surety bonds; letter of credit fees; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and Series 2010 F Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and 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 2010 A Bonds and Series 2010 F Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 30 years.

E. It is in the best interests of the Issuer that the Series 2010 A Bonds and Series 2010 F Bonds be sold to the Original Purchaser pursuant to the terms and provisions of a bond purchase agreement to be entered into by and between the Issuer and the Original Purchaser, as shall be approved by supplemental resolution of the Issuer.

F. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility 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 Utility 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 Utility 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"), (4) Combined Utility 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"), (5) Combined Utility 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"), (6) Combined Utility 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 "Series 2006 A Bonds"); and (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds") and (8) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), issued January 28, 2010 in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), issued January 28, 2010 in the original aggregate principal amount of $15,203,668 (the "Series 2010 C Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), issued January 28, 2010 in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); and (11) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), issued January 28, 2010 in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds").

Prior to the issuance of the Series 2010 A Bonds and Series 2010 F 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 Prior Bonds, as required by the Prior Ordinances, to the issuance of the Series 2010 A Bonds and Series 2010 F Bonds on a parity with the Prior Bonds. Other than the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and 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.

G. The Issuer intends to issue the Series 2010 Bonds and to pledge for payment thereof, from the Gross Revenues of the System, on a parity with one another and on a parity with such pledge in favor of the Holders of the Prior Bonds.

H. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, to provide for the repair, maintenance and operation of the System, the payment of interest upon the Series 2010 Bonds, and the Prior Bonds and to create sinking funds, as hereinafter provided, to pay the principal on the Series 2010 Bonds and the Prior Bonds as and when it becomes due and reasonable reserves therefor, to provide an adequate renewal and replacement fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

I. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2010 A Bonds and Series 2010 F Bonds, and secure the Series 2010 A Bonds and Series 2010 F Bonds by a pledge and assignment of the Gross Revenues derived from the operation of the System, the monies in the Series

2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account, unexpended proceeds of the Series 2010 A Bonds and Series 2010 F Bonds and as further set forth herein.

J. The Series 2010 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - Series 2010 A BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer. The Series 2010 F Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT B - Series 2010 F BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2010 A Bonds and Series 2010 F Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2010 A Bonds and Series 2010 F Bonds, will be timely done and duly performed.

L. The enactment of this Ordinance, the execution and issuance of the Series 2010 A Bonds and Series 2010 F Bonds and the amendment, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

M. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 A Bonds and Series 2010 F Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 2010 A Bonds and Series 2010 F Bonds or such final order will not be subject to appeal or rehearing.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2010 A Bonds and Series 2010 F Bonds by those who shall own or hold the same from time to time, this Ordinance 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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 more than $59,000,000. The proceeds of the Series 2010 A Bonds and Series 2010 F Bonds hereby authorized shall be applied as provided herein.

ARTICLE III

THE SERIES 2010 A BONDS

Section 3.01. Form and Payment of Bonds. No Series 2010 A Bond or Series 2010 F Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Series 2010 A Bonds and Series 2010 F Bonds issued pursuant to this Ordinance may be issued only as fully registered Series 2010 A Bonds and Series 2010 F Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Series 2010 A Bonds and Series 2010 F Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. All Series 2010 A Bonds and Series 2010 F Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Series 2010 A Bonds and Series 2010 F Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Series 2010 A Bonds and Series 2010 F Bonds shall be in default, Bonds issued in exchange for Series 2010 A Bonds and Series 2010 F Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Series 2010 A Bonds and Series 2010 F Bonds surrendered.

The principal of and the premium, if any, on the Series 2010 A Bonds and Series 2010 F Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Series 2010 A Bonds and Series 2010 F Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Series 2010 A Bonds and Series 2010 F Bonds, by wire transfer to a

domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Series 2010 Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Series 2010 Bond in the principal amount of said 2010 Bond then Outstanding.

Section 3.02. Execution of Bonds. The Series 2010 A Bonds and Series 2010 F Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, by their respective manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Series 2010 A Bonds and Series 2010 F Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds and Series 2010 F Bonds be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Series 2010 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2010 A Bond, substantially in the form set forth in EXHIBIT A - Series 2010 A BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2010 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2010 A Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 A Bonds issued hereunder. No Series 2010 F Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Series 2010 F Bond, substantially in the form set forth in EXHIBIT B - Series 2010 F BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2010 F Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Series 2010 F Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Series 2010 F Bond shall be deemed to have

been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2010 F Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2010 A Bonds and Series 2010 F Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2010 A Bonds and Series 2010 F Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Series 2010 A Bonds and Series 2010 F Bonds. The Series 2010 A Bonds and Series 2010 F Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Series 2010 Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Series 2010 A Bonds and Series 2010 F Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Series 2010 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Series 2010 A Bonds and Series 2010 F Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Series 2010 A Bonds and Series 2010 F Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Series 2010 A Bonds and Series 2010 F Bonds, the Registrar may impose a service charge. For every such transfer or exchange of Series 2010 A Bonds and Series 2010 F Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial

exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Series 2010 A Bonds and Series 2010 F Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2010 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and upon surrender and cancellation of, such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Series 2010 A Bonds and Series 2010 F Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds.

A. In the event Term Bonds are issued as part of the Series 2010 A Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2010 A Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2010 A Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with

respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2010 A Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2010 A Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2010 A Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

B. In the event Term Bonds are issued as part of the Series 2010 F Bonds pursuant to this Ordinance, the following provisions shall apply:

1. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2010 F Bonds Redemption Account in accordance with Subsection 4.03(A)(1) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount (or, if the Series 2010 F Bonds mature semiannually rather than annually, that month which is 6 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/6th of the amount) required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

2. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

3. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

4. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the monies in the Series 2010 F Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by

the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

5. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2010 F Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2010 F Bonds Redemption Account payment designated to be made in accordance with paragraph (A)(1) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Series 2010 A Bonds and Series 2010 F Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Series 2010 Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2010 A Bonds and Series 2010 F Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices shall also be sent to registered securities depositories, nationally recognized municipal securities information repositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds.

If funds sufficient to redeem all Series 2010 A Bonds and Series 2010 F Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such monies with the Paying Agent on or before the Redemption Date. If such monies are not so deposited, the Registrar shall notify all holders of Series 2010 A Bonds and Series 2010 F Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2010 A Bonds and Series 2010 F Bonds, or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Series 2010 A Bonds and Series 2010 F Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such Bond. All Series 2010 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Series 2010 A Bonds and Series 2010 F Bonds, and failure to mail such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay,

prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Series 2010 A Bonds and Series 2010 F Bonds.

A. For the purposes of paying a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System, funding the Series 2010 A Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2010 A Bonds of the Issuer, in an aggregate principal amount of not more than $50,000,000. Said Series 2010 A Bonds shall be designated "Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2010 A Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2010 A Bonds shall be numbered from AR-1 consecutively upward. The Series 2010 A Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $50,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

B. For the purposes of paying a portion of the costs of acquisition and construction of improvements and betterments to the waterworks portion of the System, funding the Series 2010 F Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2010 F Bonds of the Issuer, in an aggregate principal amount of not more than $9,000,000. Said Series 2010 F Bonds shall be designated "Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified)" or such other designation as may be appropriate for the year and sequence of the issue, as may be set forth in a Supplemental Resolution, and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any period of maturity, not exceeding the aggregate principal amount of Series 2010 F Bonds maturing in the period of maturity for which the denomination is to be specified. The Series 2010 F Bonds shall be numbered from FR-1 consecutively upward. The Series 2010 F Bonds shall be dated; shall be in such aggregate principal amount (not to exceed $9,000,000); shall bear interest at such rate or rates, not exceeding the then legally permissible rate (not to exceed 8%), payable semiannually on such dates; shall mature on such dates (which may be annual or semi-annual) (not to exceed 35 years) and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such

other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2010 A Bonds and Series 2010 F Bonds.

A. The Series 2010 A Bonds and Series 2010 F Bonds shall each initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2010 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2010 A Bonds and Series 2010 F Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2010 A Bonds and Series 2010 F Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2010 A Bonds and Series 2010 F Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2010 Bond or any other evidence of ownership of the Series 2010 A Bonds and Series 2010 F Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2010 A Bonds and Series 2010 F Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2010 A Bonds and Series 2010 F Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Ordinance, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2010 A Bonds and Series 2010 F Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2010 A Bonds and Series 2010 F Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Ordinance. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2010 A Bonds and Series 2010 F Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2010 A Bonds and Series 2010 F Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2010 A Bonds and Series 2010 F Bonds so redeemed, but DTC may retain such Series 2010 A Bonds and Series 2010 F Bonds and make an appropriate notation on the Series 2010 A Bonds and Series 2010 F Bonds certificate as to the amount of such partial redemption; provided that DTC

shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2010 A Bonds and Series 2010 F Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2010 A Bonds and Series 2010 F Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2010 A Bonds and Series 2010 F Bonds, selecting the Series 2010 A Bonds and Series 2010 F Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2010 A Bonds and Series 2010 F Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2010 A Bonds and Series 2010 F Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2010 A Bonds and Series 2010 F Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2010 A Bonds and Series 2010 F Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Ordinance, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2010 A Bonds, or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2010 A Bonds and Series 2010 F Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2010 A Bonds and Series 2010 F Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2010 A Bonds and Series 2010 F Bonds. In either of such events (unless in the case described in clause (iii) above, the Issuer appoints a successor securities depository), the Series 2010 A Bonds and Series 2010 F Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2010 A Bonds and Series 2010 F Bonds.

Section 3.12. Delivery of Series 2010 A Bonds and Series 2010 F Bonds.

A. The Issuer shall execute and deliver the Series 2010 A Bonds and Series 2010 F Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(1) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2010 A Bonds and Series 2010 F Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(2) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 A Bonds and Series 2010 F Bonds to DTC for the benefit of the Original Purchaser;

(3) Copies, certified by the City Clerk, of this Ordinance and the Supplemental Resolution;

(4) The unqualified approving opinion upon the Series 2010 A Bonds and Series 2010 F Bonds by Bond Counsel; and

(5) Such other opinions, certificates and documents as shall be reasonably requested by the Original Purchaser.

Section 3.13. Form of Series 2010 A Bonds and Series 2010 F Bonds. The definitive Series 2010 A Bonds shall be in substantially the form set forth in EXHIBIT A - Series 2010 A BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 A Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 A Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof. The definitive Series 2010 F Bonds shall be in substantially the form set forth in EXHIBIT B - Series 2010 F BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2010 F Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2010 F Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2010 A Bonds and Series 2010 F Bonds.

A. Upon the issuance and delivery of the Series 2010 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2010 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 A Bonds Sinking Fund and applied to payment of interest on the Series 2010 A Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 A Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 A Bonds Reserve Account, provided that, to the extent the Series 2010 A Bonds Reserve Requirement is satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2010 A Bonds shall be deposited in the Series 2010 A Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2010 A Bonds Reserve Requirement.

3. The amount of Series 2010 A Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2010 A Bonds shall be deposited with the Depository Bank in the Series 2010 A Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 A Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 A Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 A Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2010 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 A Bonds from which such proceeds are derived.

4. The balance of Series 2010 A Bonds proceeds, if any, shall be deposited in the Series 2010 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15 hereof.

B. Upon the issuance and delivery of the Series 2010 F Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

1. All interest accrued on the Series 2010 F Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2010 F Bonds Sinking Fund and applied to payment of interest on the Series 2010 F Bonds at the first interest payment date.

2. An amount of the proceeds of the Series 2010 F Bonds equal to the amount, if any, set forth in the Supplemental Resolution shall be remitted to the Bond Commission for deposit in the Series 2010 F Bonds Reserve Account, provided that, to the extent the Series 2010 F Bonds Reserve Requirement is

satisfied in whole or in part from a reserve account letter of credit, surety bond or other credit facility, proceeds of the Series 2010 F Bonds shall be deposited in the Series 2010 F Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2010 F Bonds Reserve Requirement.

3. The amount of Series 2010 F Bond proceeds which, together with other monies or securities deposited therein shall be equal to the Costs of Issuance of the Series 2010 F Bonds shall be deposited with the Depository Bank in the Series 2010 F Bonds Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2010 F Bonds at the written direction of the Issuer. Monies not to be applied immediately to pay such costs of issuance may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 120 days following the Closing Date for the Series 2010 F Bonds, such unapplied proceeds shall be transferred by the Issuer to the Series 2010 F Bonds Sinking Fund established in Section 4.01 hereof and applied to the next ensuing payment of interest on the Series 2010 F Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such monies until so applied in favor of the Holders of the Series 2010 F Bonds from which such proceeds are derived.

4. The balance of Series 2010 F Bonds proceeds, if any, shall be deposited in the Series 2010 Bonds Acquisition and Construction Fund and disbursed as provided in Section 3.15 hereof.

Section 3.15. Disbursements from the Acquisition and Construction Funds. Disbursements from the Series 2010 Bonds Acquisition and Construction Fund, except for payment of Costs of Issuance of the Series 2010 A Bonds and Series 2010 F Bonds in excess of the monies available in the Costs of Issuance Fund which shall be made upon request of the Issuer, shall be made only for acquisition and construction of capital improvements, repairs and replacements for the System, including all necessary engineering and other professional services relating thereto. Pending such application, monies in the Series 2010 Bonds Acquisition and Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank; Build America Bonds Covenants and Election. Pursuant to this Article IV, the following special funds are created with (or continued if previously established by Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other (except as set forth in this Section 4.01), and used solely for the purposes provided herein:

(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 2010 Bonds Acquisition and Construction Fund

Section 4.02. Establishment of Funds and Accounts with Bond Commission. The following special funds or accounts are hereby created (or continued is established by Prior Ordinances) 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 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 B Bonds Sinking Fund (established by Series 2010 B Bond Ordinance);

(16) Series 2010 B Bonds Reserve Account (established by Series 2010 B Bond Ordinance);

(17) Series 2010 C Bonds Sinking Fund (established by Series 2010 C Bond Ordinance);

(18) Series 2010 C Bonds Reserve Account (established by Series 2010 C Bond Ordinance);

(19) Series 2010 D Bonds Sinking Fund (established by Series 2010 D Bond Ordinance);

(20) Series 2010 D Bonds Reserve Account (established by Series 2010 D Bond Ordinance);

(21) Series 2010 E Bonds Sinking Fund (established by Series 2010 E Bond Ordinance);

(20) Series 2010 E Bonds Reserve Account (established by Series 2010 E Bond Ordinance);

(21) Series 2010 A Bonds Sinking Fund;

(22) Series 2010 A Bonds Reserve Account

(23) Series 2010 F Bonds Sinking Fund; and

(24) Series 2010 F Bonds Reserve Account

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2010 A Bonds OR Series 2010 F Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, from the monies in the Revenue Fund, on the first day of each month, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the Prior Bonds; (ii) the amounts required by the respective Ordinances to be deposited in the respective Series 2010 D Bonds and Series 2010 E Bonds Sinking Funds for payment of interest on the Series 2010 D Bonds and Series 2010 E Bonds; (iii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2010 A Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2010 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2010 A Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 A Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 A Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund; and (iv) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2010 F Bonds, apportion and set apart out of the Revenue Fund and deposit in the Series 2010 F Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 2010 F Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 F Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the

Series 2010 F Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2010 F Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2010 F Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2010 F Bonds Sinking Fund.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of principal on the Prior Bonds; (ii) the amounts required by the respective Ordinances to be deposited in the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds and Series 2010 E Bonds Sinking Funds for payment of principal on the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds and Series 2010 E Bonds; (iii) for deposit in the Series 2010 A Bonds Sinking Fund (and in the Series 2010 A Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2010 A Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 A Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 A Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2010 A Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2010 A Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph; and (iv) for deposit in the Series 2010 F Bonds Sinking Fund (and in the Series 2010 F Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed) on the first day of each month, beginning on the first day of that month which is 12 months prior to the first principal payment or mandatory Redemption Date of the Series 2010 F Bonds, a sum equal to 1/12th of the amount (or 1/6th of the amount if the Series 2010 F Bonds mature semiannually rather than annually) of principal which will mature or be redeemed and become due on the Series 2010 F Bonds on the next ensuing principal payment or mandatory Redemption Date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2010 F Bonds Sinking Fund and the next ensuing principal payment or mandatory Redemption Date is less than or greater than 12 months (or 6 months if the Series 2010 F Bonds mature semiannually rather than annually), then such monthly payments shall be increased or decreased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to

the Series 2010 F Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts for the Prior Bonds; (ii) the amounts required by the respective Ordinances to be deposited in the respective Reserve Accounts for the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds and Series 2010 E Bonds; (iii) commencing 13 months prior to the first date of payment of principal of the Series 2010 A Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 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 2010 A Bonds Reserve Requirement; provided further, that if the amounts in the Series 2010 A Bonds Reserve Account, as a result of a decrease in value of the Series 2010 A Bonds Reserve Account below the Series 2010 A Reserve Account Requirement or any withdrawal from the Series 2010 A Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2010 A Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 A Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2010 A Bonds Reserve Account is less than the Series 2010 A Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2010 A Bonds Reserve Account for deposit into the Series 2010 A Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2010 A Bonds Reserve Account to an amount equal to the Series 2010 A Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2010 A Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 A Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2010 A Reserve Account Requirement; and (iv) commencing 13 months prior to the first date of payment of principal of the Series 2010 F Bonds or upon completion of construction of the Project, whichever is earlier, if not fully funded upon issuance of the Series 2010 F Bonds, for deposit in the Series 2010 F Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 F Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 F 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 2010 F Bonds Reserve

Requirement; provided further, that if the amounts in the Series 2010 F Bonds Reserve Account, as a result of a decrease in value of the Series 2010 F Bonds Reserve Account below the Series 2010 F Reserve Account Requirement or any withdrawal from the Series 2010 F Bonds Reserve Account, the Issuer shall apply such monies for deposit into the Series 2010 F Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2010 F Bonds Reserve Account results in a determination that the amount of monies and the value of the Qualified Investments deposited to the credit of the Series 2010 F Bonds Reserve Account is less than the Series 2010 F Reserve Account Requirement, or (b) any amount is withdrawn from the Series 2010 F Bonds Reserve Account for deposit into the Series 2010 F Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of monies on deposit in the Series 2010 F Bonds Reserve Account to an amount equal to the Series 2010 F Reserve Account Requirement to the full extent that such Net Revenues are available; provided, however, that if the shortfall in the Series 2010 F Bonds Reserve Account is due to a decrease in the value of investments therein, such shortfall shall be replenished by not less than 4 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2010 F Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2010 F Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2010 F Reserve Account Requirement.

Amounts in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 A Bonds when due, when amounts in the Series 2010 A Bonds Sinking Fund are insufficient therefor and for no other purpose.

Amounts in the Series 2010 F Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2010 F Bonds when due, when amounts in the Series 2010 F Bonds Sinking Fund are insufficient therefor and for no other purpose.

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

(5) The Issuer shall next, on the first day of each month, transfer from the monies remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Subject to the restrictions contained in the Prior Ordinances, so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement

Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) 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.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2010 A Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2010 F Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Series 2010 F Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The monies on deposit in the Revenue Fund and the Renewal and Replacement Fund in excess of the sum insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or by other Qualified Investments as shall be eligible as security for deposits of municipal funds under the laws of the State.

D. Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds, the Series 2010 Bonds, all in accordance with the respective principal amounts then Outstanding.

Section 4.04. Build America Bonds – Authorization and Additional Covenants of the Issuer; Tax Elections.

A. The Issuer covenants and agrees that (1) it will use the proceeds of the Series 2010 A Bonds as soon as practicable and with all reasonable dispatch for

the purposes for which the Series 2010 A Bonds are issued and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Series 2010 A Bonds or any other funds of the Issuer in any manner, or take or omit to take any action, that would cause the Series 2010 A Bonds to be "arbitrage bonds" within the meaning of Code Section 148(a).

B. The Issuer covenants and agrees that it will not use any portion of the proceeds of the Series 2010 A Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner (1) that would cause any Series 2010 Aond to be a "private activity bond" within the meaning of Code Section 141(a), or (2) to make or finance a loan to any person other than the State or a political subdivision thereof.

C. The Issuer covenants and agrees that it will pay or provide for the payment from time to time all amounts required to be rebated to the United States pursuant to Code Section 148(f) and the Tax Certificate. This covenant shall survive payment in full or defeasance of the Series 2010 A Bonds. The Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the qualification of the Series 2010 A Bonds as Build America Bonds.

D. The Issuer hereby irrevocably elects under Code Section 54AA(d) to treat the Series 2010 A Bonds as "Build America Bonds" and elects under Code Section 54AA(g)(2) to treat the Series 2010 A Bonds as "qualified bonds," eligible for interest subsidy payments from the United States pursuant to Section 6431 of the Code. In addition, the Issuer hereby represents that:

(a) The Series 2010 A Bonds are "Build America Bonds" as defined in Code Section 54AA(d);

(b) The Series 2010 A Bonds will be issued prior to January 1, 2011; and

(c) One-hundred percent of the sale proceeds of the Series 2010 A Bonds, less not more than 2% of sale proceeds used to pay Costs of Issuance, plus investment proceeds on those proceeds, will be used for capital expenditures with respect to the Project.

E. The Mayor and City Manager are hereby authorized to take such other action as may be necessary to make effective the election contained in this Section and to file any required document with the Internal Revenue Service with respect to the Series 2010 A Bonds.

F. The Issuer certifies and covenants with the Owners of the Series 2010 A Bonds from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be

necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Certificate, which Tax Certificate shall constitute a part of the contract between the Issuer and the Owners of the Series 2010 A Bonds; (c) consult with Bond Counsel; (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2010 A Bonds; (e) file such forms, statements and supporting documents as may be required and in a timely manner, and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other person to assist the Issuer in such compliance.

G. The covenants contained in this Section 4.04 shall remain in full force and effect notwithstanding the defeasance of the Series 2010 A Bonds pursuant to Section 9.09 hereof or any other provision of this Ordinance until the final maturity date of all Series 2010 A Bonds.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any monies held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section (unless otherwise required by the Bond Insurer and as set forth in the Supplemental Resolution):

(A) Qualified Investments acquired for the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account shall mature or be subject to

retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to, annually transfer from the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account to the respective Sinking Funds any earnings on the monies deposited therein and any other funds in excess of the Series 2010 A Bonds Reserve Requirement and the Series 2010 F Bonds Reserve Requirement, provided, however, that there shall at all times remain on deposit in the Series 2010 A Bonds Reserve Account and the Series 2010 F Bonds Reserve Account an amount at least equal to the Series 2010 A Bonds Reserve Requirement and Series 2010 F Bonds Reserve Requirement, respectively.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2010 A Bonds Reserve Account or the Series 2010 F Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2010 A Bonds Reserve Account or the Series 2010 F Bonds Reserve Account shall, at any time, be less than the applicable Series 2010 A Bonds Reserve Requirement or the applicable Series 2010 A Bonds Reserve Requirement, the applicable Bond Insurer shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the Sinking Fund and otherwise in accordance with Section 4.03.

(E) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2010 A Bonds and Series 2010 F Bonds, as appropriate, and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(F) Notwithstanding the foregoing, all monies deposited in the Series 2010 A Bonds Sinking Fund and the Series 2010 F Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

Section 5.02. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time, and the Issuer hereby instructs the Mayor and City Manager to take all actions necessary for the Issuer to comply with the continuing disclosure agreement.

Section 5.03. Arbitrage, Build America Bonds 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 2010 A Bonds and Series 2010 F Bonds which would cause the Series 2010 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, (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 2010 A Bonds) so that the Series 2010 A Bonds will be Build America Bonds, and (iii) 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 2010 F Bonds) so that the interest on the Series 2010 F 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 5.04. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate (the "Tax 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 2010 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 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, 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 assure preparation of the rebate

calculations and the performance of all matters in connection with such rebates. 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 Series 2010 A Bonds as Build America Bonds and to maintain the exclusion of interest on the Series 2010 F Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance 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 2010 A Bonds and Series 2010 F Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds and Series 2010 F Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds and Series 2010 F Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 A Bonds and Series 2010 F Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Gross Revenues of the System, the monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 F Bonds Sinking Fund and all accounts therein, the unexpended proceeds of the Series 2010 A Bonds and Series 2010 F Bonds or monies in a construction fund, if any, all as herein provided. No Holder or Holders of any Series 2010 A Bonds and Series 2010 F Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Series 2010 A Bonds and Series 2010 F Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Gross Revenues and Monies in Sinking Fund. The payment of the debt service of all of the Series 2010 A Bonds and Series 2010 F Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the

System on a parity with one another and with the lien on the Gross Revenues in favor of the Holders of the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and the Prior Bonds and, in the instance of the Series 2010 A Bonds, all monies and securities in the Series 2010 A Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, in the instance of the Series 2010 F Bonds, all monies and securities in the Series 2010 B Sinking Fund, including the Series 2010 F Bonds Reserve Account therein to the extent necessary to make the payments required under Section 4.03. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2010 Bonds herein authorized, to make the payments into the Series 2010 A Bonds Sinking Fund, all monies and securities in the Series 2010 A Bonds Sinking Fund, including the Series 2010 A Bonds Reserve Account therein, and to make the payments into the Series 2010 F Bonds Sinking Fund, all monies and securities in the Series 2010 F Bonds Sinking Fund, including the Series 2010 F Bonds Reserve Account therein.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 Bonds, including the Prior Bonds.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage. In any event, subject to the requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the current rate ordinance.

Section 6.05. Completion of Project; Operation and Maintenance. The Issuer will complete the Project as promptly as possible. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing

enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.06. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided by the Prior Ordinances. Additionally, so long as the Series 2010 A Bonds and Series 2010 F Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Series 2010 A Bonds Sinking Fund and the Series 2010 F Bonds Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

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

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of any applicable Bond Insurer and the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Bond Insurer and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except Additional Parity Bonds provided for in Section 6.08 hereof, 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 the Gross Revenues with the Series 2010 A Bonds and Series 2010 F Bonds; and all obligations hereafter issued by the Issuer 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 2010 A Bonds and Series 2010 F Bonds.

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, except with respect to such Additional Parity Bonds, being on a parity with the lien of the Series 2010 A Bonds and Series 2010 F Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and Series 2010 F Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional 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 additional Parity Bonds, as in this section defined, payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

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

No such Additional 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 an Independent Accountant, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the

System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Additional Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of such Additional Parity Bonds, shall be not less than 115% of the Maximum Annual Debt Service on the following:

(1) The Series 2010 Bonds then Outstanding;

(2) The Prior Bonds Outstanding;

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

(4) The Additional Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Additional 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 Additional Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Accountant, which shall be filed in the office of the Clerk prior to the issuance of such Additional 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 Accountant, as stated in a certificate on account of (i) 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 Additional Parity Bonds and (ii) any BAB Interest Subsidy Payments (or similar form of federal subsidized bond designation) projected to be received with respect to such proposed Additional Parity Bonds.

The term "Additional Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the Gross Revenues of the System on a parity with the Series 2010 Bonds and the Prior Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2010 Bonds and the Prior Bonds and the Holders of any Additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. All the 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 said 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 Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "Additional Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien on the Revenues of the System of which is subject to the prior and superior lien of the Bonds on such Revenues. Any such subordinate bonds, notes, certificates or other obligations shall be payable from the Net Revenues remaining after all payments required to be made pursuant to Section 4.03(1), (2) and (3) have first been paid. The Issuer shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Series 2010 A Bonds and Series 2010 F Bonds except in the manner and under the conditions provided in this section.

No Additional Parity Bonds, as in this section defined, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding (excluding the Renewal and Replacement Fund), and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms in the Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency with respect to such payments and compliance.

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Series 2010 A Bonds and Series 2010 F Bonds remain Outstanding, the Issuer or the Board will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies rated at least "A" by Standard & Poor's Corporation covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the event of any damage to or destruction of any portion of the System, the Board will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damages or destroyed portion. The Board will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Board and the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than is customarily carried by municipalities of equivalent size with respect to works and

properties similar to the System to protect the Issuer and the Board from claims for bodily injury and/or death and 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, provided that, the Board, with the review of an insurance consultant and the concurrence of the Issuer, may elect to self-insure, so long as the following requirements are met:

(i) The self-insurance program has been reviewed by an insurance consultant;

(ii) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund shall be evaluated on an annual basis by an insurance consultant; and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the insurance consultant;

(iii) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(iv) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an insurance consultant, shall be maintained.

If the Issuer determines in good faith that any required insurance is not commercially available at a reasonable cost with reasonable terms, it shall engage an insurance consultant to verify the determination and to make recommendations regarding the types, amounts and provisions of any such insurance that should be purchased or funded by the Issuer, taking into consideration the costs and practices of other municipal water and sewer systems of similar size and type in the State to the extent that such information is available. The Issuer may, upon resolution adopted in good faith and upon the recommendations of the insurance consultant, adopt alternate or supplemental risk management programs which the Issuer determines to be reasonable, including the right to self-insure and participate in captive insurance companies.

C. 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 Monongalia County prior to commencement of construction of any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

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

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body 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.

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

The Issuer shall 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.

Section 6.10. Services Rendered to the Board or Issuer. The Board will not render or cause to be rendered any free services of any nature by its System; and, in the event the Board, the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Board, the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Board or the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer or 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, 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 and facilities of the System and any services and facilities of the Issuer's waterworks system, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus penalty charges for the restoration of service, has been fully paid or an appropriate payment plan has been established.

Section 6.12. No Competing Franchise. To the extent legally allowable, neither the Issuer nor the Board will grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. 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 Board or the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Series 2010 A Bond, shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Board relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Board. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with 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 Board as it shall direct.

The Issuer or the Board shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer or the Board shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

(A) A statement of Gross Revenues, Operating Expenses, and Net Revenues derived from the System; and

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

The Issuer or the Board shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by an Independent Accountant, shall mail upon request, and make available generally, the report of said Independent Accountant, or a summary thereof, to any Holder or Holders of Series 2010 A Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Board shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, 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. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and the Bond Insurer, if any, 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 Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the sewerage portion 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 waterborne waste matter produced or arising within the territory served by the sewerage portion of the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30 day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne waste matter and which is not so connected with the sewerage portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the residents 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 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A Bonds and Series 2010 F 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 the issuance of the Series 2010 A Bonds and Series 2010 F Bonds and shall be on a parity with one another and with the statutory mortgage lien in favor of the Holders of the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and the Prior Bonds.

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain Municipal Bond Insurance Policies for the Series 2010 A Bonds and Series 2010 F Bonds. In the event such Municipal Bond Insurance Policies are obtained, certain additional covenants of the Issuer will be required by the Bond Insurer as a condition to insuring the Series 2010 A Bonds and Series 2010 F Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2010 A Bonds and Series 2010 F Bonds and any other Bonds which may be insured by such Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

Section 6.18. 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 2010 A Bonds and Series 2010 F 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 2010 A Bonds and Series 2010 F Bonds during the term thereof is, under the terms of the Series 2010 A Bonds and Series 2010 F 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 2010 A Bonds and Series 2010 F 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 2010 A Bonds and Series 2010 F Bonds during the term thereof is, under the terms of the Series 2010 A Bonds and Series 2010 F 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 2010 A Bonds and Series 2010 F 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 2010 A Bonds and Series 2010 F 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 2010 A Bonds and Series 2010 F Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Non-purpose 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 2010 A Bonds and Series 2010 F 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 2010 A Bonds and Series 2010 F 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 so that the Series 2010 A Bonds shall be Build America Bonds, and shall not take any actions, or fail to take any actions, the result of which would adversely affect such status as Build America Bonds. The Issuer shall take any and all actions that may be required of it so that the interest on the Series 2010 F 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, the result of which would adversely affect such exclusion.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds and Series 2010 F Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2010 A Bonds and Series 2010 F Bonds contained, and

such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Insurer; or

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

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

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder (with the prior written consent of the applicable Bond Insurer) or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance;

(C) Bring suit upon the Series 2010 A Bonds and Series 2010 F Bonds, as applicable;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall be made without the prior written consent of the applicable Bond Insurer or shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Series 2010 Bonds, and the Prior Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Ordinance and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate, 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 Series 2010 A Bonds and Series 2010 F Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and accounts 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 Ordinance shall have been cured and made good, and all monies due hereunder or under any Supplemental Resolution have been paid in full, 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 Bondholder shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Series 2010 A Bonds and Series 2010 F Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall

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

Notwithstanding any other provision of this Ordinance, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2010 A Bonds and Series 2010 F Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2010 A Bonds and Series 2010 F Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2010 A Bonds and Series 2010 F Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or

matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Series 2010 A Bonds and Series 2010 F Bonds, the first exchange of Series 2010 A Bonds and Series 2010 F Bonds and the exchange of Series 2010 A Bonds and Series 2010 F Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2010 A Bonds and Series 2010 F Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2010 A Bonds and Series 2010 F Bonds, or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2010 A Bonds and Series 2010 F Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately, provided that in no event shall such resignation take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer, the applicable Bond Insurer or by the Holders of a majority in principal amount of the Series 2010 A Bonds and Series 2010 F Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the applicable Bond Insurer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar. Such removal shall take effect upon the date stated in such instrument, provided that in no event shall such removal take effect until a successor has been appointed and has accepted its duties as Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2010 A Bonds and Series 2010 F Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any monies, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2010 A Bonds and Series 2010 F Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The West Virginia Municipal Bond Commission shall initially serve as Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Series 2010 Bond shall be and remain DTC-Eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from monies available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agents shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All monies received by the Paying Agents shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2010 A Bonds and Series 2010 F Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, and all other monies due hereunder have been paid, then this Ordinance and the pledges of the Gross Revenues and other monies and securities pledged hereunder, and all covenants, agreements and

other obligations of the Issuer on behalf of the Holders of the Series 2010 A Bonds and Series 2010 F Bonds made hereunder, as applicable, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2010 A Bonds and Series 2010 F Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor monies deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2010 A Bonds and Series 2010 F Bonds, this Ordinance may be amended, modified or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of this Ordinance, shall be controlling. Following issuance of the Series 2010 A Bonds and Series 2010 F Bonds, this Ordinance and any Supplemental Resolution may, without

the consent of any Bondholder or other person, be amended, modified or supplemented in any manner which, in the opinion of Bond Counsel, does not materially adversely affect the interests of the Bondholders or any Bond Insurer, provided that, in the event any of the Bonds are insured, no such amendment or modification which affects the rights of the applicable Bond Insurer for such Bonds may be made without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2010 A Bonds and Series 2010 F Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Series 2010 A Bonds and Series 2010 F Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Series 2010 A Bonds and Series 2010 F Bonds held by a person executing any instrument as a Bondholder, the date of his

holding such Series 2010 A Bonds and Series 2010 F Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Series 2010 A Bonds and Series 2010 F Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Series 2010 A Bonds and Series 2010 F Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any monies held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Series 2010 A Bonds and Series 2010 F Bonds which remain unclaimed for two years after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such monies then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Depository Bank, the Original Purchaser or the Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the

individual to whom such notice, demand or request is required to be directed as indicated below:

CITY

The City of Morgantown
389 Spruce Street
Morgantown, West Virginia 26505
Attention: City Manager

REGISTRAR

[Name(s) and address(s) to be set forth in Supplemental Resolution]

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attn: Executive Director

DEPOSITORY BANK

[Name(s) and address(s) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
2000 Union National Plaza
124 West Capitol
Little Rock, Arkansas 72201

BOND INSURER

[Name(s) and address(es) to be set forth in the Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Council, the Board or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Series 2010 A Bonds and Series 2010 F Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2010 A Bonds and Series 2010 F Bonds, the applicable Bond Insurer, if any, and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2010 A Bonds and Series 2010 F Bonds, the Bond Insurer and the Original Purchaser.

Section 10.10. Designation of Series 2010 F Bonds as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Series 2010 F Bonds as "Qualified Tax-Exempt Obligations" for purposes of paragraph (3) of Section 265(b) of the Code and that not more than $30,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, obligations described in Section 265(b)(3)(C)(ii) of the Code), including the Series 2010 F Bonds, have been or shall be issued by the Issuer or any entities subordinate to it, during the calendar year 2010, all as determined in accordance with the Code. For purposes of this paragraph and for the purposes of applying such Section 265(b)(3) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 265(b)(3) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and all entities benefitting thereby shall be treated as one issuer.

Section 10.11. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.12. Table of Contents and Headlines. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.13. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Dominion Post*, a newspaper published and having a general circulation in The City of Morgantown, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2010 A Bonds and Series 2010 F Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 1st day of September, 2009, at 7:30 p.m., in the Council Chambers of the City Hall, Morgantown and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Left Blank]

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

First Reading:	August 4, 2009
Second Reading:	August 18, 2009
Effective following Public Hearing held on:	September 1, 2009

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

APPROVED AND CORRECT AS TO FORM:

City Attorney

CERTIFICATION

Certified a true, correct and complete copy of a Conformed Ordinance duly enacted by the City Council of THE CITY OF MORGANTOWN at a regular meeting of the City Council held on September 1, 2009, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Morgantown, the first publication having been not less than 10 days prior to such public hearing as supplemented by Supplemental Resolution duly adopted on January 5, 2010.

Dated this 28th day of January, 2010.

[SEAL]

Linda L. Reed
City Clerk

EXHIBIT A - SERIES 2010 A BOND FORM

[DTC Legend]

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or

until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds)" (the "Series 2010 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 A Bonds, and (iv) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Series 2010 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2009, and supplemented by a supplemental resolution adopted by said Council on _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2010 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Registered Owners of any subsequently

issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

[The Series 2010 A Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Bond Insurer].]

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL

AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED _____, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F BONDS").

The Series 2010 A Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

Should the United States Treasury or any agency of the United States of America at any time cease to remit to the Issuer (or at the Issuer's direction) all or any part of the BAB Interest Subsidy Payments, then the right is reserved in the Issuer to redeem and retire all or any part of the principal amount of Series 2010 A Bonds then outstanding in any order of maturities (less than all of a single maturity to be selected by lot), on any date upon 30 days written notice by regular United States Mail to the Registered Owners upon terms of the principal amount so redeemed plus accrued interest to the redemption date but without premium.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

_____	Year (_____ 1)	Principal Amount

Bonds Maturing _____ 1, 20

_____ Year (____ 1) _____ Principal Amount

---

* Final Maturity

In the event of any redemption of less than all outstanding Series 2010 A Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2010 A Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2010 A Bonds are to be redeemed, the Series 2010 A Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2010 A Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2010 A Bond or Series 2010 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2010 A Bonds or portions of Series 2010 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2010 A Bonds or portions of Series 2010 A Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2010 A Bond.

The Series 2010 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds and the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series

2010 F Bonds, all monies in the Series 2010 A Bonds Sinking Fund, and the Series 2010 A Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 A Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2010 A Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and said unexpended Series 2010 A Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the Prior Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 A Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 A Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 A Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2010 A Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2010 A Bonds of which this Series 2010 A Bond is one.

This Series 2010 A Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 A Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 A Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 A Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 A Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 A Bond to be dated as of the Series 2010 A Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

_____

Mayor

[Manual or facsimile signature]

_____

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2010 A Bond is one of the fully registered Series 2010 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 A Bonds.

Dated: _____, 2010.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

EXHIBIT B - SERIES 2010 F BOND FORM

[DTC Legend]

No. FR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
_____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 200__ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and

payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2010 F" (the "Series 2010 F Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 F Bonds, and (iv) to pay certain costs of issuance of the Series 2010 F Bonds and related costs. The Series 2010 F Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, 2009, and supplemented by a supplemental resolution adopted by said Council on _____, 2010 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2010 F Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 F Bonds and the Registered Owners of any subsequently issued additional bonds. Executed

counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

[The Series 2010 F Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by __[Bond Insurer]___.]

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED _____, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS").

The Series 2010 F Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on and after _____, 20____, are subject to redemption prior to maturity at the option of the Issuer on or after _____, 20_____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, in reverse order of maturity and by lot within a maturity, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing on _____, 20_____ and 20_____ are subject to annual mandatory sinking fund redemption prior to maturity by random selection as may be determined by the Registrar, on _____ 1 of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

Bonds Maturing _____ 1, 20

_____	Year (1)	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Series 2010 F Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2010 F Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2010 F Bonds are to be redeemed, the Series 2010 F Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2010 F Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2010 F Bond or Series 2010 F Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2010 F Bonds or portions of Series 2010 F Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2010 F Bonds or portions of Series 2010 F Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2010 F Bond.

The Series 2010 F Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, all monies in the Series 2010 F Bonds Sinking Fund, and the Series 2010 F Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 F Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the

Ordinance. This Series 2010 F Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2010 F Bonds Sinking Fund and the Series 2010 F Bonds Reserve Account and said unexpended Series 2010 F Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2010 F Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 F Bonds, including the Prior Bonds and the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, and Series 2010 D Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 F Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 F Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 F Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 F Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 F Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2010 F Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2010 F Bonds of which this Series 2010 F Bond is one.

This Series 2010 F Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 F Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 F Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 F Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 F Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 F Bond to be dated as of the Series 2010 F Bond Date specified above.

[SEAL]

[Manual or facsimile signature]

_____

Mayor

[Manual or facsimile signature]

_____

City Manager

ATTEST:

[Manual or facsimile signature]
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2010 F Bond is one of the fully registered Series 2010 F Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 F Bonds.

Dated: _____, 2010.

_____,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Bond Insurance Legend]

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION REDESIGNATING BONDS, PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS) AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED) OF THE CITY OF MORGANTOWN; AUTHORIZING AND APPROVING BOND PURCHASE AGREEMENTS, A COMMITMENT FOR MUNICIPAL BOND INSURANCE, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS APPOINTING 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" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective September 1, 2009 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING COMBINED UTILITY SYSTEM OF THE CITY OF MORGANTOWN AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $60,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2009 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER

DOCUMENTS RELATING TO THE BONDS; AND ENACTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Issuer desired to amend the Bond Ordinance through this Supplemental Resolution (collectively, the Bond Legislation);

WHEREAS, the Ordinance provided for the issuance by the Issuer of its Combined Utility System Revenue Bonds, Series 2009 B (Direct Payment Build America Bonds) in one or more series in the aggregate principal amount of not more than $60,000,000 (the "Series 2009 B Bonds"), for the purposes of paying a portion of the costs of acquisition and construction of additions, betterments and improvements to the System capitalizing interest on the Series 2009 B Bonds, funding a reserve account for the Series 2009 B Bonds and paying costs of issuance thereof, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Combined Utility System Revenue Bonds, Series 2009 B Bonds were not issued in 2009, but will be issued in 2010;

WHEREAS, the Governing Body desires to redesignate the Combined Utility System Revenue Bonds, Series 2009 B (Bank Qualified) as Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) and Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified);

WHEREAS, the Ordinance further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2010 A Bonds and Series 2010 F Bonds should be established by a supplemental resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2010 A Bonds and Series 2010 F Bonds be provided for by a supplemental resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and that other matters pertaining to the Series 2010 A Bonds and Series 2010 F Bonds be provided for by a supplemental resolution of this Board;

WHEREAS, the Series 2010 A Bonds and Series 2010 F Bonds are proposed to be purchased by Crews & Associates, Inc., (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body wishes to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms and provisions of all documents relating to the Series 2010 A Bonds and Series 2010 F Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2010 A Bonds and Series 2010 F Bonds, hereinafter described, be approved, that the Issuer's Mayor be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2010 A Bonds and Series 2010 F Bonds be herein provided for, all in accordance with said Ordinance,

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

Section 1. The Combined Utility System Revenue Bonds, Series 2009 B (Bank Qualified) are re-designated as Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds) and Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified).

Section 2. The following special funds are created with and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other:

(1) Cost of Issuance Fund; and

(2) Redemption Account

Section 3. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2010 A Bonds. The Series 2010 A Bonds shall be issued in the aggregate principal amount not to exceed $50,000,000, bear interest at a rate not to exceed 9% payable semiannually as shown on the Certificate of Determinations shall mature in 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2010 A Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2010 A Bonds Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2010 A Bonds

shall be as provided in the Ordinance, and the Series 2010 A Bonds shall be in substantially the form provided in the Ordinance.

Section 3. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2010 F Bonds. The Series 2010 F Bonds shall be issued in the aggregate principal amount not to exceed $9,000,000, bear interest at a rate not to exceed 6% payable semiannually as shown on the Certificate of Determinations shall mature in 30 years as shown on the Certificate of Determinations, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates, shall be subject to such redemption provisions, all as shall subsequently be approved by the Mayor; and shall be substantially in the form set forth in the Ordinance, provided however, that the specific terms of the Series 2010 F Bonds shall be as determined by the Mayor at the time of the execution of the Bond Purchase Agreement and as approved by the Mayor in the Certificate of Series 2010 F Bonds Determinations attached hereto as EXHIBIT B. All other provisions relating to the Series 2010 F Bonds shall be as provided in the Ordinance, and the Series 2010 F Bonds shall be in substantially the form provided in the Ordinance.

Section 4. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved, and directed. The Mayor shall execute the Bond Purchase Agreement on behalf of the Issuer with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2010 A Bonds and Series 2010 F Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 5. The Continuing Disclosure Agreement by and between the Issuer and the Original Purchaser, to be dated as of the date of delivery of the Series 2010 A Bonds and Series 2010 F Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Continuing Disclosure Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 6. The Official Statement to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Official Statement by the Mayor shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with

SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor is hereby ratified and approved.

Section 7. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2010 A Bonds and Series 2010 F Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar Agreement by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 8. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2010 A Bonds and Series 2010 F Bonds.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia for the purpose of serving in the capacity of Registrar.

Section 10. The Issuer does hereby appoint and designate the United Bank, Inc., Morgantown, West Virginia as the depository Bank.

Section 11. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 12. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

United Bank, Inc.
Charleston, West Virginia

PAYING AGENT

West Virginia Municipal Bond Commission
#8 Capitol Street, Suite 500
Charleston, West Virginia 25301
Attention: Executive Director

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Public Finance

Section 13. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2010 A Bonds and Series 2010 F Bonds issue to the end that the Series 2010 A Bonds and Series 2010 F Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 14. The General Manager of the Morgantown Utility Board is hereby authorized to approve invoices and requests for payment for the Project.

Section 14. The financing of the project with proceeds of the Series 2010 A Bonds and Series 2010 F Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. Upon approval by the Mayor, the Issuer may purchase insurance, as permitted by Section 6.18 of the Bond Legislation, and in such case the covenants and provisions to be required by the Bond Insurer as a condition precedent to issuance of its Insurance Policy for the Bonds are hereby set forth in Exhibit C, attached hereto and incorporated herein by reference as part hereof, such covenants and provisions to be supplemental and amendatory of, and controlling with respect to the Bond Legislation and applicable to the Bonds:

Section 16. This Supplemental Resolution shall be effective immediately.

[Remainder of Page Intentionally Left Blank]

Adopted this 5th day of January, 2010.

Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Council of THE CITY OF MORGANTOWN on the 5th day of January, 2010.

Dated this 28th day of January, 2010.

[SEAL]

Linda L. Lucas
Clerk

627490 00034

CH5278060 1

EXHIBIT A

FORM OF CERTIFICATE OF SERIES 2010 A BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A
(DIRECT PAYMENT BUILD AMERICA BONDS)

CERTIFICATE OF DETERMINATIONS

The undersigned, William Byrne, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution and Conformed Ordinance adopted by the Council of the Issuer on January 5, 2010 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds"), hereby finds and determines as follows:

1. The Series 2010 A Bonds shall be dated the date of closing thereon (estimated to be January 28, 2010) and shall bear interest on _____ and _____ of each year commencing _____, 2010.

2. The Series 2010 A Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2010 A Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2010 A Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2010 A Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2010 A Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2010 A Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2010 A Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this 28th day of January, 2010.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2010 A BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2010 A Bonds maturing on or after _____, 20___, are subject to redemption on or after _____, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
_____, 20___ and thereafter	100%

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

EXHIBIT B

FORM OF CERTIFICATE OF SERIES 2010 F BONDS DETERMINATIONS

THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F
(BANK QUALIFIED)

CERTIFICATE OF DETERMINATIONS

The undersigned, William Byrne, Mayor of The City of Morgantown (the "Issuer"), in accordance with the Supplemental Parameters Resolution and Conformed Ordinance adopted by the Council of the Issuer on January 5, 2010 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Combined Utility System Revenue Bonds, Series 2010 F (the "Series 2010 F Bonds"), hereby finds and determines as follows:

1. The Series 2010 F Bonds shall be dated the date of closing thereon (estimated to be January 28, 2010) and shall bear interest on _____ and _____ of each year commencing _____, 2010.

2. The Series 2010 F Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 8%, being the maximum interest rate authorized by the Supplemental Parameters Resolution.

3. The Series 2010 F Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2010 F Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2010 F Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2010 F Bonds shall be sold to Crews & Associates, Inc., (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue discount of $_____).

7. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2010 F Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2010 F Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

[Remainder of Page Intentionally Left Blank]

WITNESS my signature this 28th day of January, 2010.

THE CITY OF MORGANTOWN

By: _____
Its: Mayor

Schedule 1

SERIES 2010 F BOND TERMS

Mandatory Sinking Fund Redemption and Maturity

Bond No.	Maturity Date or Sinking Fund (December 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP No.

Schedule 2

Redemption Provisions:

Optional Redemption

The Series 2010 F Bonds maturing on or after _____, 20___, are subject to redemption on or after _____, 20___, at the option of the Board, in whole at any time or in part on any interest payment date, from any moneys available for such purpose, at the applicable Redemption Price (expressed as a percentage of principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption:

Redemption Period	**Redemption Price**
_____, 20___ and thereafter	100%

In the event of such optional redemption, the Board may direct the maturity or maturities of the Bonds and the amounts thereof to be redeemed, provided that the Bonds will be redeemed in whole multiples of $5,000 in principal amount and in the minimum principal amount of $50,000.

EXHIBIT C

PROVISIONS RELATING TO BOND INSURANCE AND SURETY BOND

Bond Insurance Provisions

(a) "Insurance Policy" shall be defined as follows: "the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due". "Insurer" shall be defined as follows: "Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), a New York stock insurance company, or any successor thereto or assignee thereof".

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in the Ordinance, amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

(c) The Insurer shall be deemed to be the sole holder of the Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Ordinance pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. Remedies granted to the Bondholders shall expressly include mandamus.

(d) The security for the Bonds shall include a pledge of any agreement with any underlying obligor that is a source of payment for the Bonds and a default under any such agreement shall constitute an Event of Default under the Ordinance.

(e) If acceleration is permitted under the Ordinance, the maturity of Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Issuer) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

(f) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(g) The Insurer shall be included as a third party beneficiary to the Ordinance.

(h) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Ordinance which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(i) Any amendment, supplement, modification to, or waiver of, the Ordinance or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(j) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

(k) The rights granted to the Insurer under the Ordinance or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

(l) Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves.

To accomplish defeasance, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be

acceptable in form and substance to the Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Ordinance and (iv) a certificate of discharge of the Trustee with respect to the Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Issuer, Trustee and Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed "Outstanding" under the Ordinance unless and until they are in fact paid and retired or the above criteria are met.

(m) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Ordinance and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Ordinance. The Ordinance shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(n) Each of the Issuer and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(o) Claims Upon the Insurance Policy and Payments by and to the Insurer.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Ordinance, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Bondholder, whether DTC or its nominee or

otherwise, and shall issue a replacement Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Issuer hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the [Trust Estate] and payable from such [Trust Estate] on a parity with debt service due on the Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any

funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the Insurer.

(p) The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. Each obligation of the Issuer to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(q) The Issuer shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Ordinance or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Ordinance or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Ordinance or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Ordinance or any other Related Document.

(r) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(s) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Ordinance, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(t) The notice address of the Insurer is: Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. _____, Telephone: (212) 826-0100; Telecopier: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(u) The Insurer shall be provided with the following information by the Issuer or Trustee, as the case may be:

(i) Annual audited financial statements within 150 days after the end of the Issuer's fiscal year (together with a certification of the Issuer that it is not aware of any default or Event of Default under the Ordinance), and the Issuer's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default known to the Trustee or Issuer within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Issuer or Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

In addition, to the extent that the Issuer or the [Obligor] has entered into a continuing disclosure agreement, covenant or undertaking with respect to the Bonds, all information

furnished pursuant to such agreements shall also be provided to the Insurer, simultaneously with the furnishing of such information.

(v) The Insurer shall have the right to receive such additional information as it may reasonably request.

(w) The Issuer will permit the Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Issuer on any business day upon reasonable prior notice.

(x) The Trustee shall notify the Insurer of any failure of the Issuer to provide notices, certificates and other information under the transaction documents.

(y) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Ordinance, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(z) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Ordinance would adversely affect the security for the Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(aa) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(bb) If the Bonds are issued for refunding purposes, there shall be delivered an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto), or a certificate of discharge of the trustee for the Refunded Bonds, to the effect that, upon the making of the required deposit to the escrow, the legal defeasance of the Refunded Bonds shall have occurred. If the Refunded Bonds are insured by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.), at least three business days prior to the proposed date for delivery of the Policy with respect to the Refunding Bonds, the Insurer shall also receive (i) the verification letter, of which the Insurer shall be an addressee, by an independent firm of certified public accountants which is either nationally recognized or otherwise acceptable to the Insurer, of the adequacy of the escrow established to provide for the payment of

the Refunded Bonds in accordance with the terms and provisions of the Escrow Deposit Agreement, and (ii) the form of an opinion of Bond Counsel addressed to the Insurer (or a reliance letter relating thereto) to the effect that the Escrow Deposit Agreement is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms (such Escrow Deposit Agreement shall provide that no amendments are permitted without the prior written consent of the Insurer). An executed copy of each of such opinion and reliance letter, if applicable, or Trustee's discharge certificate, as the case may be, shall be forwarded to the Insurer prior to delivery of the Bonds.

(cc) Any interest rate exchange agreement ("Swap Agreement") entered into by the Issuer shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the Insurer, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Bonds and on any debt on parity with the Bonds. The Issuer shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the Insurer prior to the payment of any such termination amount that such payment will not cause the Issuer [Obligor] to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's ('S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the Insurer. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to the Insurer, shall be required.

(dd) The Issuer shall not receive a credit against debt service for BAB Interest Payment Subsidies to the extent it does not receive such subsidy in any year and shall promptly fund any shortfall in the debt service reserve fund resulting from such event.

(ee) The Issuer shall not issue Additional Parity Bonds unless Net Revenues equal at least 115% of Maximum Annual Debt Service on a historical basis (i.e. estimated revenues shall not be included).

Final

$45,200,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010

Total Issue Sources And Uses

Dated 01/28/2010 | Delivered 01/28/2010

	BABS	Tax Exempt	Issue Summary
Sources Of Funds			
Par Amount of Bonds	$37,950,000.00	$7,250,000.00	$45,200,000.00
Reoffering Premium	-	22,105.20	22,105.20
Original Issue Discount (OID)	(646,936.90)	-	(646,936.90)
Total Sources	**$37,303,063.10**	**$7,272,105.20**	**$44,575,168.30**
Uses Of Funds			
Deposit to Project Construction Fund	33,319,200.00	6,781,000.00	40,100,200.00
Deposit to Capitalized Interest (CIF) Fund	2,728,015.27	331,610.50	3,059,625.77
Gross Bond Insurance Premium	666,489.74	63,030.64	729,520.38
Total Underwriter's Discount (0.894%)	360,525.00	43,500.00	404,025.00
Costs of Issuance	121,742.26	23,257.74	145,000.00
Surety Bond Fee	105,445.09	29,000.00	134,445.09
Rounding Amount	1,645.74	706.32	2,352.06
Total Uses	**$37,303,063.10**	**$7,272,105.20**	**$44,575,168.30**

Final

$45,200,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Tax Subsidy	Total P+I	CIF	Net New D/S	Fiscal Total
01/28/2010	-	-	-	-	-	-	-	-
06/01/2010	-	-	840,139.54	(272,516.66)	567,622.88	(567,622.88)	-	-
12/01/2010	-	-	1,229,472.50	(398,804.87)	830,667.63	(830,667.63)	-	-
06/01/2011	-	-	1,229,472.50	(398,804.87)	830,667.63	(830,667.63)	-	-
12/01/2011	-	-	1,229,472.50	(398,804.87)	830,667.63	(830,667.63)	-	-
06/01/2012	-	-	1,229,472.50	(398,804.87)	830,667.63	-	830,667.63	-
12/01/2012	975,000.00	1.500%	1,229,472.50	(398,804.87)	1,805,667.63	-	1,805,667.63	2,636,335.26
06/01/2013	-	-	1,222,160.00	(398,804.87)	823,355.13	-	823,355.13	-
12/01/2013	990,000.00	2.000%	1,222,160.00	(398,804.87)	1,813,355.13	-	1,813,355.13	2,636,710.26
06/01/2014	-	-	1,212,260.00	(398,804.87)	813,455.13	-	813,455.13	-
12/01/2014	1,005,000.00	2.000%	1,212,260.00	(398,804.87)	1,818,455.13	-	1,818,455.13	2,631,910.26
06/01/2015	-	-	1,202,210.00	(398,804.87)	803,405.13	-	803,405.13	-
12/01/2015	1,030,000.00	2.400%	1,202,210.00	(398,804.87)	1,833,405.13	-	1,833,405.13	2,636,810.26
06/01/2016	-	-	1,189,850.00	(398,804.87)	791,045.13	-	791,045.13	-
12/01/2016	1,050,000.00	3.000%	1,189,850.00	(398,804.87)	1,841,045.13	-	1,841,045.13	2,632,090.26
06/01/2017	-	-	1,174,100.00	(398,804.87)	775,295.13	-	775,295.13	-
12/01/2017	1,085,000.00	3.100%	1,174,100.00	(398,804.87)	1,860,295.13	-	1,860,295.13	2,635,590.26
06/01/2018	-	-	1,157,282.50	(398,804.87)	758,477.63	-	758,477.63	-
12/01/2018	1,115,000.00	3.200%	1,157,282.50	(398,804.87)	1,873,477.63	-	1,873,477.63	2,631,955.26
06/01/2019	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2019	1,150,000.00	5.000%	1,139,442.50	(398,804.87)	1,890,637.63	-	1,890,637.63	2,631,275.26
06/01/2020	-	-	1,110,692.50	(388,742.37)	721,950.13	-	721,950.13	-
12/01/2020	1,190,000.00	5.000%	1,110,692.50	(388,742.37)	1,911,950.13	-	1,911,950.13	2,633,900.26
06/01/2021	-	-	1,080,942.50	(378,329.87)	702,612.63	-	702,612.63	-
12/01/2021	1,230,000.00	5.000%	1,080,942.50	(378,329.87)	1,932,612.63	-	1,932,612.63	2,635,225.26
06/01/2022	-	-	1,050,192.50	(367,567.37)	682,625.13	-	682,625.13	-
12/01/2022	1,270,000.00	5.125%	1,050,192.50	(367,567.37)	1,952,625.13	-	1,952,625.13	2,635,250.26
06/01/2023	-	-	1,017,648.75	(356,177.06)	661,471.69	-	661,471.69	-
12/01/2023	1,310,000.00	5.250%	1,017,648.75	(356,177.06)	1,971,471.69	-	1,971,471.69	2,632,943.38
06/01/2024	-	-	983,261.25	(344,141.43)	639,119.82	-	639,119.82	-
12/01/2024	1,355,000.00	5.375%	983,261.25	(344,141.43)	1,994,119.82	-	1,994,119.82	2,633,239.64
06/01/2025	-	-	946,845.63	(331,395.96)	615,449.67	-	615,449.67	-
12/01/2025	1,405,000.00	5.450%	946,845.63	(331,395.96)	2,020,449.67	-	2,020,449.67	2,635,899.34
06/01/2026	-	-	908,559.38	(317,995.78)	590,563.60	-	590,563.60	-
12/01/2026	1,455,000.00	5.500%	908,559.38	(317,995.78)	2,045,563.60	-	2,045,563.60	2,636,127.20
06/01/2027	-	-	868,546.88	(303,991.40)	564,555.48	-	564,555.48	-
12/01/2027	1,505,000.00	5.500%	868,546.88	(303,991.40)	2,069,555.48	-	2,069,555.48	2,634,110.96
06/01/2028	-	-	827,159.38	(289,505.78)	537,653.60	-	537,653.60	-
12/01/2028	1,560,000.00	6.250%	827,159.38	(289,505.78)	2,097,653.60	-	2,097,653.60	2,635,307.20
06/01/2029	-	-	778,409.38	(272,443.28)	505,966.10	-	505,966.10	-
12/01/2029	1,620,000.00	6.250%	778,409.38	(272,443.28)	2,125,966.10	-	2,125,966.10	2,631,932.20
06/01/2030	-	-	727,784.38	(254,724.53)	473,059.85	-	473,059.85	-
12/01/2030	1,690,000.00	6.250%	727,784.38	(254,724.53)	2,163,059.85	-	2,163,059.85	2,636,119.70
06/01/2031	-	-	674,971.88	(236,240.15)	438,731.73	-	438,731.73	-
12/01/2031	1,755,000.00	6.250%	674,971.88	(236,240.15)	2,193,731.73	-	2,193,731.73	2,632,463.46
06/01/2032	-	-	620,128.13	(217,044.84)	403,083.29	-	403,083.29	-
12/01/2032	1,825,000.00	6.375%	620,128.13	(217,044.84)	2,228,083.29	-	2,228,083.29	2,631,166.58
06/01/2033	-	-	561,956.25	(196,684.68)	365,271.57	-	365,271.57	-
12/01/2033	1,905,000.00	6.375%	561,956.25	(196,684.68)	2,270,271.57	-	2,270,271.57	2,635,543.14
06/01/2034	-	-	501,234.38	(175,432.03)	325,802.35	-	325,802.35	-
12/01/2034	1,980,000.00	6.375%	501,234.38	(175,432.03)	2,305,802.35	-	2,305,802.35	2,631,604.70
06/01/2035	-	-	438,121.88	(153,342.65)	284,779.23	-	284,779.23	-
12/01/2035	2,065,000.00	6.375%	438,121.88	(153,342.65)	2,349,779.23	-	2,349,779.23	2,634,558.46
06/01/2036	-	-	372,300.00	(130,305.00)	241,995.00	-	241,995.00	-
12/01/2036	2,150,000.00	6.375%	372,300.00	(130,305.00)	2,391,995.00	-	2,391,995.00	2,633,990.00
06/01/2037	-	-	303,768.75	(106,319.06)	197,449.69	-	197,449.69	-
12/01/2037	2,240,000.00	6.375%	303,768.75	(106,319.06)	2,437,449.69	-	2,437,449.69	2,634,899.38
06/01/2038	-	-	232,368.75	(81,329.06)	151,039.69	-	151,039.69	-
12/01/2038	2,330,000.00	6.375%	232,368.75	(81,329.06)	2,481,039.69	-	2,481,039.69	2,632,079.38
06/01/2039	-	-	158,100.00	(55,335.00)	102,765.00	-	102,765.00	-
12/01/2039	2,430,000.00	6.375%	158,100.00	(55,335.00)	2,532,765.00	-	2,532,765.00	2,635,530.00
06/01/2040	-	-	80,643.75	(28,225.31)	52,418.44	-	52,418.44	-
12/01/2040	2,530,000.00	6.375%	80,643.75	(28,225.31)	2,582,418.44	-	2,582,418.44	2,634,836.88
Total	$45,200,000.00	-	$52,069,384.64	(17,820,354.41)	$79,449,030.23	(3,059,625.77)	$76,389,404.46	-

Crews & Associates, Inc.
Capital Markets

Final

$37,950,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Tax Subsidy	Total P+I	CIF	Net New D/S	Fiscal Total
01/28/2010	-	-	-	-	-	-	-	-
06/01/2010	-	-	778,619.04	(272,516.66)	506,102.38	(506,102.38)	-	-
12/01/2010	-	-	1,139,442.50	(398,804.87)	740,637.63	(740,637.63)	-	-
06/01/2011	-	-	1,139,442.50	(398,804.87)	740,637.63	(740,637.63)	-	-
12/01/2011	-	-	1,139,442.50	(398,804.87)	740,637.63	(740,637.63)	-	-
06/01/2012	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2012	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	1,481,275.26
06/01/2013	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2013	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	1,481,275.26
06/01/2014	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2014	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	1,481,275.26
06/01/2015	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2015	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	1,481,275.26
06/01/2016	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2016	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	1,481,275.26
06/01/2017	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2017	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	1,481,275.26
06/01/2018	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2018	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	1,481,275.26
06/01/2019	-	-	1,139,442.50	(398,804.87)	740,637.63	-	740,637.63	-
12/01/2019	1,150,000.00	5.000%	1,139,442.50	(398,804.87)	1,890,637.63	-	1,890,637.63	2,631,275.26
06/01/2020	-	-	1,110,692.50	(388,742.37)	721,950.13	-	721,950.13	-
12/01/2020	1,190,000.00	5.000%	1,110,692.50	(388,742.37)	1,911,950.13	-	1,911,950.13	2,633,900.26
06/01/2021	-	-	1,080,942.50	(378,329.87)	702,612.63	-	702,612.63	-
12/01/2021	1,230,000.00	5.000%	1,080,942.50	(378,329.87)	1,932,612.63	-	1,932,612.63	2,635,225.26
06/01/2022	-	-	1,050,192.50	(367,567.37)	682,625.13	-	682,625.13	-
12/01/2022	1,270,000.00	5.125%	1,050,192.50	(367,567.37)	1,952,625.13	-	1,952,625.13	2,635,250.26
06/01/2023	-	-	1,017,648.75	(356,177.06)	661,471.69	-	661,471.69	-
12/01/2023	1,310,000.00	5.250%	1,017,648.75	(356,177.06)	1,971,471.69	-	1,971,471.69	2,632,943.38
06/01/2024	-	-	983,261.25	(344,141.43)	639,119.82	-	639,119.82	-
12/01/2024	1,355,000.00	5.375%	983,261.25	(344,141.43)	1,994,119.82	-	1,994,119.82	2,633,239.64
06/01/2025	-	-	946,845.63	(331,395.96)	615,449.67	-	615,449.67	-
12/01/2025	1,405,000.00	5.450%	946,845.63	(331,395.96)	2,020,449.67	-	2,020,449.67	2,635,899.34
06/01/2026	-	-	908,559.38	(317,995.78)	590,563.60	-	590,563.60	-
12/01/2026	1,455,000.00	5.500%	908,559.38	(317,995.78)	2,045,563.60	-	2,045,563.60	2,636,127.20
06/01/2027	-	-	868,546.88	(303,991.40)	564,555.48	-	564,555.48	-
12/01/2027	1,505,000.00	5.500%	868,546.88	(303,991.40)	2,069,555.48	-	2,069,555.48	2,634,110.96
06/01/2028	-	-	827,159.38	(289,505.78)	537,653.60	-	537,653.60	-
12/01/2028	1,560,000.00	6.250%	827,159.38	(289,505.78)	2,097,653.60	-	2,097,653.60	2,635,307.20
06/01/2029	-	-	778,409.38	(272,443.28)	505,966.10	-	505,966.10	-
12/01/2029	1,620,000.00	6.250%	778,409.38	(272,443.28)	2,125,966.10	-	2,125,966.10	2,631,932.20
06/01/2030	-	-	727,784.38	(254,724.53)	473,059.85	-	473,059.85	-
12/01/2030	1,690,000.00	6.250%	727,784.38	(254,724.53)	2,163,059.85	-	2,163,059.85	2,636,119.70
06/01/2031	-	-	674,971.88	(236,240.15)	438,731.73	-	438,731.73	-
12/01/2031	1,755,000.00	6.250%	674,971.88	(236,240.15)	2,193,731.73	-	2,193,731.73	2,632,463.46
06/01/2032	-	-	620,128.13	(217,044.84)	403,083.29	-	403,083.29	-
12/01/2032	1,825,000.00	6.375%	620,128.13	(217,044.84)	2,228,083.29	-	2,228,083.29	2,631,166.58
06/01/2033	-	-	561,956.25	(196,684.68)	365,271.57	-	365,271.57	-
12/01/2033	1,905,000.00	6.375%	561,956.25	(196,684.68)	2,270,271.57	-	2,270,271.57	2,635,543.14
06/01/2034	-	-	501,234.38	(175,432.03)	325,802.35	-	325,802.35	-
12/01/2034	1,980,000.00	6.375%	501,234.38	(175,432.03)	2,305,802.35	-	2,305,802.35	2,631,604.70
06/01/2035	-	-	438,121.88	(153,342.65)	284,779.23	-	284,779.23	-
12/01/2035	2,065,000.00	6.375%	438,121.88	(153,342.65)	2,349,779.23	-	2,349,779.23	2,634,558.46
06/01/2036	-	-	372,300.00	(130,305.00)	241,995.00	-	241,995.00	-
12/01/2036	2,150,000.00	6.375%	372,300.00	(130,305.00)	2,391,995.00	-	2,391,995.00	2,633,990.00
06/01/2037	-	-	303,768.75	(106,319.06)	197,449.69	-	197,449.69	-
12/01/2037	2,240,000.00	6.375%	303,768.75	(106,319.06)	2,437,449.69	-	2,437,449.69	2,634,899.38
06/01/2038	-	-	232,368.75	(81,329.06)	151,039.69	-	151,039.69	-
12/01/2038	2,330,000.00	6.375%	232,368.75	(81,329.06)	2,481,039.69	-	2,481,039.69	2,632,079.38
06/01/2039	-	-	158,100.00	(55,335.00)	102,765.00	-	102,765.00	-
12/01/2039	2,430,000.00	6.375%	158,100.00	(55,335.00)	2,532,765.00	-	2,532,765.00	2,635,530.00
06/01/2040	-	-	80,643.75	(28,225.31)	52,418.44	-	52,418.44	-
12/01/2040	2,530,000.00	6.375%	80,643.75	(28,225.31)	2,582,418.44	-	2,582,418.44	2,634,836.88
Total	**$37,950,000.00**	**-**	**$50,915,299.14**	**(17,820,354.41)**	**$71,044,944.73**	**(2,728,015.27)**	**$68,316,929.46**	**-**

Crews & Associates, Inc.
Capital Markets

Final

$37,950,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2019	Serial Coupon	5.000%	4.910%	1,150,000.00	100.689%	1,157,923.50
12/01/2020	Serial Coupon	5.000%	4.960%	1,190,000.00	100.325%	1,193,867.50
12/01/2021	Serial Coupon	5.000%	5.110%	1,230,000.00	99.024%	1,217,995.20
12/01/2022	Serial Coupon	5.125%	5.210%	1,270,000.00	99.204%	1,259,890.80
12/01/2023	Serial Coupon	5.250%	5.310%	1,310,000.00	99.409%	1,302,257.90
12/01/2024	Serial Coupon	5.375%	5.460%	1,355,000.00	99.135%	1,343,279.25
12/01/2025	Serial Coupon	5.450%	5.510%	1,405,000.00	99.363%	1,396,050.15
12/01/2026	Serial Coupon	5.500%	5.560%	1,455,000.00	99.341%	1,445,411.55
12/01/2027	Serial Coupon	5.500%	5.610%	1,505,000.00	98.761%	1,486,353.05
12/01/2031	Term 1 Coupon	6.250%	6.350%	6,625,000.00	98.816%	6,546,560.00
12/01/2036	Term 2 Coupon	6.375%	6.550%	9,925,000.00	97.790%	9,705,657.50
12/01/2040	Term 3 Coupon	6.375%	6.600%	9,530,000.00	97.039%	9,247,816.70
Total	-	-	-	**$37,950,000.00**	-	**$37,303,063.10**

Bid Information

Par Amount of Bonds	$37,950,000.00
Reoffering Premium or (Discount)	(646,936.90)
Gross Production	$37,303,063.10
Total Underwriter's Discount (0.950%)	$(360,525.00)
Bid (97.345%)	36,942,538.10
Total Purchase Price	$36,942,538.10
Bond Year Dollars	$829,516.25
Average Life	21.858 Years
Average Coupon	6.1379508%
Net Interest Cost (NIC)	6.2594025%
True Interest Cost (TIC)	6.3137314%

Crews & Associates, Inc.
Capital Markets

Final

$37,950,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

Proof Of Bond Yield @ 4.2338407%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
01/28/2010	-	1.0000000x	-	-
06/01/2010	506,102.38	0.9857873x	498,909.31	498,909.31
12/01/2010	740,637.63	0.9653516x	714,975.73	1,213,885.04
06/01/2011	740,637.63	0.9453395x	700,154.02	1,914,039.06
12/01/2011	740,637.63	0.9257423x	685,639.58	2,599,678.64
06/01/2012	740,637.63	0.9065513x	671,426.02	3,271,104.67
12/01/2012	740,637.63	0.8877582x	657,507.12	3,928,611.79
06/01/2013	740,637.63	0.8693546x	643,876.76	4,572,488.55
12/01/2013	740,637.63	0.8513326x	630,528.97	5,203,017.52
06/01/2014	740,637.63	0.8336842x	617,457.88	5,820,475.40
12/01/2014	740,637.63	0.8164016x	604,657.75	6,425,133.15
06/01/2015	740,637.63	0.7994773x	592,122.98	7,017,256.13
12/01/2015	740,637.63	0.7829039x	579,848.06	7,597,104.19
06/01/2016	740,637.63	0.7666740x	567,827.60	8,164,931.79
12/01/2016	740,637.63	0.7507806x	556,056.33	8,720,988.12
06/01/2017	740,637.63	0.7352166x	544,529.08	9,265,517.21
12/01/2017	740,637.63	0.7199753x	533,240.80	9,798,758.01
06/01/2018	740,637.63	0.7050500x	522,186.53	10,320,944.54
12/01/2018	740,637.63	0.6904340x	511,361.41	10,832,305.95
06/01/2019	740,637.63	0.6761211x	500,760.71	11,333,066.66
12/01/2019	1,890,637.63	0.6621048x	1,251,800.33	12,584,866.99
06/01/2020	721,950.13	0.6483792x	468,097.43	13,052,964.42
12/01/2020	1,911,950.13	0.6349380x	1,213,969.86	14,266,934.28
06/01/2021	702,612.63	0.6217755x	436,867.35	14,703,801.63
12/01/2021	1,932,612.63	0.6088859x	1,176,740.61	15,880,542.24
06/01/2022	682,625.13	0.5962635x	407,024.44	16,287,566.69
12/01/2022	1,952,625.13	0.5839027x	1,140,143.16	17,427,709.84
06/01/2023	661,471.69	0.5717982x	378,228.34	17,805,938.18
12/01/2023	1,971,471.69	0.5599446x	1,103,915.01	18,909,853.19
06/01/2024	639,119.82	0.5483368x	350,452.91	19,260,306.10
12/01/2024	1,994,119.82	0.5369696x	1,070,781.66	20,331,087.76
06/01/2025	615,449.67	0.5258380x	323,626.82	20,654,714.58
12/01/2025	2,020,449.67	0.5149372x	1,040,404.67	21,695,119.25
06/01/2026	590,563.60	0.5042624x	297,798.99	21,992,918.24
12/01/2026	2,045,563.60	0.4938088x	1,010,117.34	23,003,035.58
06/01/2027	564,555.48	0.4835720x	273,003.21	23,276,038.79
12/01/2027	2,069,555.48	0.4735474x	980,032.54	24,256,071.33
06/01/2028	537,653.60	0.4637306x	249,326.40	24,505,397.73
12/01/2028	2,097,653.60	0.4541173x	952,580.69	25,457,978.43
06/01/2029	505,966.10	0.4447032x	225,004.76	25,682,983.19
12/01/2029	2,125,966.10	0.4354844x	925,825.04	26,608,808.23
06/01/2030	473,059.85	0.4264566x	201,739.51	26,810,547.74
12/01/2030	2,163,059.85	0.4176160x	903,328.48	27,713,876.22
06/01/2031	438,731.73	0.4089587x	179,423.16	27,893,299.38
12/01/2031	2,193,731.73	0.4004808x	878,547.54	28,771,846.92
06/01/2032	403,083.29	0.3921787x	158,080.69	28,929,927.62
12/01/2032	2,228,083.29	0.3840487x	855,692.56	29,785,620.18
06/01/2033	365,271.57	0.3760873x	137,373.98	29,922,994.16
12/01/2033	2,270,271.57	0.3682908x	836,120.22	30,759,114.38
06/01/2034	325,802.35	0.3606560x	117,502.58	30,876,616.96
12/01/2034	2,305,802.35	0.3531795x	814,362.14	31,690,979.10
06/01/2035	284,779.23	0.3458580x	98,493.17	31,789,472.27
12/01/2035	2,349,779.23	0.3386882x	795,842.52	32,585,314.79
06/01/2036	241,995.00	0.3316671x	80,261.78	32,665,576.57
12/01/2036	2,391,995.00	0.3247915x	776,899.66	33,442,476.22
06/01/2037	197,449.69	0.3180585x	62,800.54	33,505,276.77
12/01/2037	2,437,449.69	0.3114650x	759,180.25	34,264,457.02
06/01/2038	151,039.69	0.3050082x	46,068.35	34,310,525.37
12/01/2038	2,481,039.69	0.2986853x	741,050.04	35,051,575.41
06/01/2039	102,765.00	0.2924934x	30,058.09	35,081,633.50
12/01/2039	2,532,765.00	0.2864299x	725,459.72	35,807,093.22
06/01/2040	52,418.44	0.2804921x	14,702.96	35,821,796.18
12/01/2040	2,582,418.44	0.2746774x	709,332.08	36,531,128.26
Total	**$71,944,944.73**	-	**$36,531,128.26**	-

Derivation Of Target Amount

Par Amount of Bonds	$37,950,000.00
Reoffering Premium or (Discount)	(646,936.90)
Bond Insurance Premium..... (75.0 bp)	(666,489.74)
Other Credit Enhancement Fees	(105,445.09)
Original Issue Proceeds	$36,531,128.27

Crews & Associates, Inc.
Capital Markets

Final

$37,950,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010A

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
01/28/2010	-	-	-	-	-
12/01/2019	1,150,000.00	100.689%	1,157,923.50	9.8416667x	11,395,897.11
12/01/2020	1,190,000.00	100.325%	1,193,867.50	10.8416667x	12,943,513.48
12/01/2021	1,230,000.00	99.024%	1,217,995.20	11.8416667x	14,423,093.16
12/01/2022	1,270,000.00	99.204%	1,259,890.80	12.8416667x	16,179,097.69
12/01/2023	1,310,000.00	99.409%	1,302,257.90	13.8416667x	18,025,419.77
12/01/2024	1,355,000.00	99.135%	1,343,279.25	14.8416667x	19,936,502.87
12/01/2025	1,405,000.00	99.363%	1,396,050.15	15.8416667x	22,115,761.13
12/01/2026	1,455,000.00	99.341%	1,445,411.55	16.8416667x	24,343,139.52
12/01/2027	1,505,000.00	98.761%	1,486,353.05	17.8416667x	26,519,015.67
12/01/2028	1,560,000.00	98.816%	1,541,529.60	18.8416667x	29,044,986.88
12/01/2029	1,620,000.00	98.816%	1,600,819.20	19.8416667x	31,762,920.96
12/01/2030	1,690,000.00	98.816%	1,669,990.40	20.8416667x	34,805,383.25
12/01/2031	1,755,000.00	98.816%	1,734,220.80	21.8416667x	37,878,272.64
12/01/2032	1,825,000.00	97.790%	1,784,667.50	22.8416667x	40,764,780.15
12/01/2033	1,905,000.00	97.790%	1,862,899.50	23.8416667x	44,414,628.91
12/01/2034	1,980,000.00	97.790%	1,936,242.00	24.8416667x	48,099,478.35
12/01/2035	2,065,000.00	97.790%	2,019,363.50	25.8416667x	52,183,718.45
12/01/2036	2,150,000.00	97.790%	2,102,485.00	26.8416667x	56,434,201.54
12/01/2037	2,240,000.00	97.039%	2,173,673.60	27.8416667x	60,518,695.81
12/01/2038	2,330,000.00	97.039%	2,261,008.70	28.8416667x	65,211,259.26
12/01/2039	2,430,000.00	97.039%	2,358,047.70	29.8416667x	70,368,073.45
12/01/2040	2,530,000.00	97.039%	2,455,086.70	30.8416667x	75,718,965.64
Total	**$37,950,000.00**	-	**$37,303,063.10**	-	**$813,086,805.68**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	21.797 Years
Total Interest from Debt Service	50,915,299.14
Reoffering (Premium) or Discount	646,936.90
Total Interest	51,562,236.04
NIC = Interest / (Issue Price * Average Maturity)	6.3415414%
Bond Yield for Arbitrage Purposes	4.2338407%

Crews & Associates, Inc.
Capital Markets

Final

$7,250,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
01/28/2010	-	-	-	-	-	-	-
06/01/2010	-	-	61,520.50	61,520.50	(61,520.50)	-	-
12/01/2010	-	-	90,030.00	90,030.00	(90,030.00)	-	-
06/01/2011	-	-	90,030.00	90,030.00	(90,030.00)	-	-
12/01/2011	-	-	90,030.00	90,030.00	(90,030.00)	-	-
06/01/2012	-	-	90,030.00	90,030.00	-	90,030.00	-
12/01/2012	975,000.00	1.500%	90,030.00	1,065,030.00	-	1,065,030.00	1,155,060.00
06/01/2013	-	-	82,717.50	82,717.50	-	82,717.50	-
12/01/2013	990,000.00	2.000%	82,717.50	1,072,717.50	-	1,072,717.50	1,155,435.00
06/01/2014	-	-	72,817.50	72,817.50	-	72,817.50	-
12/01/2014	1,005,000.00	2.000%	72,817.50	1,077,817.50	-	1,077,817.50	1,150,635.00
06/01/2015	-	-	62,767.50	62,767.50	-	62,767.50	-
12/01/2015	1,030,000.00	2.400%	62,767.50	1,092,767.50	-	1,092,767.50	1,155,535.00
06/01/2016	-	-	50,407.50	50,407.50	-	50,407.50	-
12/01/2016	1,050,000.00	3.000%	50,407.50	1,100,407.50	-	1,100,407.50	1,150,815.00
06/01/2017	-	-	34,657.50	34,657.50	-	34,657.50	-
12/01/2017	1,085,000.00	3.100%	34,657.50	1,119,657.50	-	1,119,657.50	1,154,315.00
06/01/2018	-	-	17,840.00	17,840.00	-	17,840.00	-
12/01/2018	1,115,000.00	3.200%	17,840.00	1,132,840.00	-	1,132,840.00	1,150,680.00
Total	**$7,250,000.00**	-	**$1,154,085.50**	**$8,404,085.50**	**(331,610.50)**	**$8,072,475.00**	-

Crews & Associates, Inc.
Capital Markets

Final

$7,250,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2012	Serial Coupon	1.500%	1.500%	975,000.00	100.000%	975,000.00
12/01/2013	Serial Coupon	2.000%	1.750%	990,000.00	100.923%	999,137.70
12/01/2014	Serial Coupon	2.000%	2.000%	1,005,000.00	100.000%	1,005,000.00
12/01/2015	Serial Coupon	2.400%	2.400%	1,030,000.00	100.000%	1,030,000.00
12/01/2016	Serial Coupon	3.000%	2.800%	1,050,000.00	101.235%	1,062,967.50
12/01/2017	Serial Coupon	3.100%	3.100%	1,085,000.00	100.000%	1,085,000.00
12/01/2018	Serial Coupon	3.200%	3.200%	1,115,000.00	100.000%	1,115,000.00
Total	-	-	-	**$7,250,000.00**	-	**$7,272,105.20**

Bid Information

Par Amount of Bonds	$7,250,000.00
Reoffering Premium or (Discount)	22,105.20
Gross Production	$7,272,105.20
Total Underwriter's Discount (0.600%)	$(43,500.00)
Bid (99.705%)	7,228,605.20
Total Purchase Price	$7,228,605.20
Bond Year Dollars	$43,007.08
Average Life	5.932 Years
Average Coupon	2.6834777%
Net Interest Cost (NIC)	2.7332249%
True Interest Cost (TIC)	2.7252320%

Crews & Associates, Inc.
Capital Markets

Final

$7,250,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

Proof Of Bond Yield @ 2.8494373%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
01/28/2010	-	1.0000000x	-	-
06/01/2010	61,520.50	0.9903797x	60,928.65	60,928.65
12/01/2010	90,030.00	0.9764678x	87,911.39	148,840.05
06/01/2011	90,030.00	0.9627513x	86,676.50	235,516.55
12/01/2011	90,030.00	0.9492275x	85,458.95	320,975.49
06/01/2012	90,030.00	0.9358936x	84,258.50	405,234.00
12/01/2012	1,065,030.00	0.9227471x	982,753.30	1,387,987.30
06/01/2013	82,717.50	0.9097852x	75,255.16	1,463,242.45
12/01/2013	1,072,717.50	0.8970054x	962,233.37	2,425,475.82
06/01/2014	72,817.50	0.8844051x	64,400.17	2,489,875.99
12/01/2014	1,077,817.50	0.8719818x	939,837.25	3,429,713.24
06/01/2015	62,767.50	0.8597330x	53,963.29	3,483,676.54
12/01/2015	1,092,767.50	0.8476563x	926,291.27	4,409,967.81
06/01/2016	50,407.50	0.8357492x	42,128.03	4,452,095.84
12/01/2016	1,100,407.50	0.8240094x	906,746.15	5,358,841.98
06/01/2017	34,657.50	0.8124345x	28,156.95	5,386,998.93
12/01/2017	1,119,657.50	0.8010222x	896,870.52	6,283,869.45
06/01/2018	17,840.00	0.7897702x	14,089.50	6,297,958.95
12/01/2018	1,132,840.00	0.7786763x	882,115.61	7,180,074.56
Total	**$8,404,085.50**	-	**$7,180,074.56**	-

Derivation Of Target Amount

Par Amount of Bonds	$7,250,000.00
Reoffering Premium or (Discount)	22,105.20
Bond Insurance Premium..... (75.0 bp)	(63,030.64)
Other Credit Enhancement Fees	(29,000.00)
Original Issue Proceeds	$7,180,074.56

Crews & Associates, Inc.
Capital Markets

Final

$7,250,000

City of Morgantown, West Virginia
Combined Utility Revenue Bonds
Series 2010F

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
01/28/2010	-	-	-	-	-
12/01/2012	975,000.00	100.000%	975,000.00	2.8416667x	2,770,625.00
12/01/2013	990,000.00	100.923%	999,137.70	3.8416667x	3,838,354.00
12/01/2014	1,005,000.00	100.000%	1,005,000.00	4.8416667x	4,865,875.00
12/01/2015	1,030,000.00	100.000%	1,030,000.00	5.8416667x	6,016,916.67
12/01/2016	1,050,000.00	101.235%	1,062,967.50	6.8416667x	7,272,469.31
12/01/2017	1,085,000.00	100.000%	1,085,000.00	7.8416667x	8,508,208.33
12/01/2018	1,115,000.00	100.000%	1,115,000.00	8.8416667x	9,858,458.33
Total	**$7,250,000.00**	-	**$7,272,105.20**	-	**$43,130,906.64**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	5.931 Years
Total Interest from Debt Service	1,154,085.50
Reoffering (Premium) or Discount	(22,105.20)
Total Interest	1,131,980.30
NIC = Interest / (Issue Price * Average Maturity)	2.6245224%
Bond Yield for Arbitrage Purposes	2.8494373%

Crews & Associates, Inc.
Capital Markets

SPECIMEN

No. AR-1 $1,150,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	December 1, 2019	January 28, 2010	61759C AH1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-2 $1,190,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	December 1, 2020	January 28, 2010	61759C AJ7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-3 $1,230,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.000%	December 1, 2021	January 28, 2010	61759C AK4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION TWO HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-4 $1,270,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.125%	December 1, 2022	January 28, 2010	61759C AL2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-5 $1,310,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.250%	December 1, 2023	January 28, 2010	61759C AM0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION THREE HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-6 $1,355,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.375%	December 1, 2024	January 28, 2010	61759C AN8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION THREE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-7 $1,405,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.450%	December 1, 2025	January 28, 2010	61759C AP3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FOUR HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-8 $1,455,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.500%	December 1, 2026	January 28, 2010	61759C AQ1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FOUR HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-9 $1,505,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
5.500%	December 1, 2027	January 28, 2010	61759C AU2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FIVE HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-10 $6,625,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
6.250%	December 1, 2031	January 28, 2010	61759C AR9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
SIX MILLION SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-11 $9,925,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
6.375%	December 1, 2036	January 28, 2010	61759C AS7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE MILLION NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

SPECIMEN

No. AR-12 $9,530,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN, WEST VIRGINIA
TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
6.375%	December 1, 2040	January 28, 2010	61759C AT5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used

and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $37,950,000 designated "The City of Morgantown Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds)" (the "Series 2010 A Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated January 28, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 A Bonds, (iii) capitalize interest, and (iv) to pay certain costs of issuance of the Series 2010 A Bonds and related costs. The Series 2010 A Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on September 1, 2009, and supplemented by a supplemental resolution adopted by said Council on January 5, 2010 (collectively the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2010 A Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a

description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 A Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

The Series 2010 A Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Assured Guaranty Municipal Corp.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (9) COMBINED

UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS").

The Series 2010 A Bonds are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

Optional Redemption

The Series 2010 A Bonds are subject to optional redemption prior to their stated maturity on or after December 1, 2020, at the option of the City at par plus accrued interest thereon to the date set for redemption.

Mandatory Sinking Fund Redemption

The Series 2010 A Bonds maturing on December 1, 2031, December 1, 2036, and December 1, 2040, are subject to annual mandatory redemption prior to maturity by random selection on December 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption.

Bonds Maturing 2031

Year (December 1)	Principal Amount
2028	$1,560,000
2029	$1,620,000
2030	$1,690,000
2031	$1,755,000*

Bonds Maturing 2036

Year (December 1)	Principal Amount
2032	$1,825,000
2033	$1,905,000
2034	$1,980,000
2035	$2,065,000
2036	$2,150,000*

Bonds Maturing 2040

Year (December 1)	Principal Amount
2037	$2,240,000
2038	$2,330,000
2039	$2,430,000
2040	$2,530,000*

*Final Maturity.

If less than all the Series 2010 A Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Extraordinary Optional Redemption of the Series 2010 A Bonds

The Series 2010 A Bonds are subject to redemption on any date prior to December 1, 2010, at the option of the City, in whole or in part upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series 2010 A Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010 A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010 A Bonds are to be redeemed, discounted to the date on which the Series 2010 A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis point; plus, in each case, accrued interest on the Series 2010 A Bonds to be redeemed to the redemption date.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder and including the American Recovery and Reinvestment Act of 2009 and such guidance with respect thereto as may be issued by the Internal Revenue Service or Department of the Treasury from time to time.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2010 A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available at least two Business Days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2010 A Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

An "Extraordinary Event" will have occurred if a change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant

to which the City's 35% cash subsidy payment from the United States Treasury with respect to Series 2010 A Bonds is reduced or eliminated.

In the event of any redemption of less than all outstanding Series 2010 A Bonds, the maturities to be redeemed shall be selected by the Paying Agent at the direction of the Issuer and Series 2010 A Bonds to be redeemed shall be determined by lot within a maturity, or in such other manner deemed appropriate by the Paying Agent. If less than all the Series 2010 A Bonds are to be redeemed, the Series 2010 A Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Series 2010 A Bond, unless waived, shall be given by the Paying Agent on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2010 A Bond or Series 2010 A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Paying Agent. Such notice shall also be given by the Paying Agent to the Registrar. Notice of redemption having been given as aforesaid, the Series 2010 A Bonds or portions of Series 2010 A Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Series 2010 A Bonds or portions of Series 2010 A Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Series 2010 A Bond.

The Series 2010 A Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds and the Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds, all monies in the Series 2010 A Bonds Sinking Fund, and the Series 2010 A Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 A Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2010 A Bond does not constitute an indebtedness of the

Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account and said unexpended Series 2010 A Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 A Bonds, including the Prior Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 A Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 A Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 A Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 A Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2010 A Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2010 A Bonds of which this Series 2010 A Bond is one.

This Series 2010 A Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 A Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 A Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 A Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 A Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 A Bond to be dated as of the Series 2010 A Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2010 A Bond is one of the fully registered Series 2010 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 A Bonds.

Dated: January 28, 2010.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

SPECIMEN

STATEMENT OF INSURANCE

ASSURED GUARANTY STATEMENT OF INSURANCE

Assured Guaranty Corp. ("AGC"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent on behalf of the holders of the Bonds (the "Paying Agent"). Such Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGC or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGC as more fully set forth in the Policy.

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____.

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

SPECIMEN

No. FR-1 $975,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
1.500%	December 1, 2012	January 28, 2010	61759C AA6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-2 $990,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	December 1, 2013	January 28, 2010	61759C AB4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
NINE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-3 $1,005,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.000%	December 1, 2014	January 28, 2010	61759C AC2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-4 $1,030,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
2.400%	December 1, 2015	January 28, 2010	61759C AD0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-5 $1,050,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.000%	December 1, 2016	January 28, 2010	61759C AE8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-6 $1,085,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.100%	December 1, 2017	January 28, 2010	61759C AF5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION EIGHTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

SPECIMEN

No. FR-7 $1,115,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN (WEST VIRGINIA)
COMBINED UTILITY SYSTEM REVENUE BONDS,
SERIES 2010 F (BANK QUALIFIED)

INTEREST RATE:	MATURITY DATE:	BOND DATE:	CUSIP:
3.200%	December 1, 2018	January 28, 2010	61759C AG3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:
ONE MILLION ONE HUNDRED FIFTEEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF MORGANTOWN (West Virginia), a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on June 1 and December 1, in each year, beginning June 1, 2010 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter-described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each May 15 and November 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc. Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $7,250,000 designated "The City of Morgantown Combined Utility System Revenue Bonds, Series 2010 F" (the "Series 2010 F Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated January 28, 2010, upon original issuance, the proceeds of which are to be used, together with other funds of the Issuer, (i) to finance the cost of acquisition and construction of certain additions, betterments and improvements to the waterworks portion of the combined waterworks, sewerage and stormwater system of the Issuer, (ii) to fund a reserve account for the Series 2010 F Bonds, (iii) capitalizing interest on the Series 2010 F Bonds; and (iv) to pay certain costs of issuance of the Series 2010 F Bonds and related costs. The Series 2010 F Bonds are issued under the authority of and in full compliance with the Constitution and statute of the State of West Virginia, including particularly, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an ordinance duly enacted by the City Council of the Issuer on September 1, 2009, and supplemented by a supplemental resolution adopted by said Council on January 5, 2010 (collectively, the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series 2010 F Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Series 2010 F Bonds and the

Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Morgantown, West Virginia.

The Series 2010 F Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by Assured Guaranty Municipal Corp.

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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE

"SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS").

The Series 2010 F Bonds are not subject to optional redemption prior to their stated maturity dates.

The Series 2010 F Bonds and the interest thereon are payable only from and are secured by the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity in all respects with the pledge of the Gross Revenues created in favor of the holders of the Prior Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, all monies in the Series 2010 F Bonds Sinking Fund, and the Series 2010 F Bonds Reserve Account therein, established under the Ordinance, and the unexpended proceeds of the Series 2010 F Bonds, and the Issuer hereby and in the Ordinance pledges such revenues and monies to such payment. Said Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Series 2010 F Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 monies in the Series 2010 F Bonds Sinking Fund and the Series 2010 F Bonds Reserve Account and said unexpended Series 2010 F Bond proceeds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Series 2010 F Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 F Bonds, including the Prior Bonds and the Series 2010 A Bonds, Series 2010 B Bonds,

Series 2010 C Bonds, and Series 2010 D Bonds. The Issuer has entered into certain further covenants with the registered owners of the Series 2010 F Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Series 2010 F Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All monies received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay all costs of the Project, funding a reserve account for the Series 2010 F Bonds and pay costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such monies, until so applied, in favor of the registered owners of said Series 2010 F Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2010 F Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2010 F Bond, together with all other obligations of said Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by said Issuer for the prompt payment of the principal of and interest on the Series 2010 F Bonds of which this Series 2010 F Bond is one.

This Series 2010 F Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the within-described Ordinance.

This Series 2010 F Bond and the income therefrom are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

This Series 2010 F Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance, as defined on the reverse hereof, and the statutes under which this Series 2010 F Bond is issued shall be deemed to be a part of the contract evidenced by this Series 2010 F Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF MORGANTOWN (West Virginia) has caused this Bond to be signed by its Mayor and City Manager, and its corporate seal to be imprinted hereon and attested by its City Clerk, and has caused this Series 2010 F Bond to be dated as of the Series 2010 F Bond Date specified above.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Series 2010 F Bond is one of the fully registered Series 2010 F Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Series 2010 F Bonds.

Dated: January 28, 2010.

UNITED BANK, INC.,
As Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

ASSURED GUARANTY STATEMENT OF INSURANCE

Assured Guaranty Corp. ("AGC"), a Maryland-domiciled insurance company, has delivered its financial guaranty insurance policy (the "Policy") with respect to the scheduled payments of principal of and interest on this Bond to West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent on behalf of the holders of the Bonds (the "Paying Agent"). Such Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGC or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of AGC as more fully set forth in the Policy.

(FORM OF)
ASSIGNMENT

Social Security or Other Identifying Number of Assignee

_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA); AND
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C
(WEST VIRGINIA SRF PROGRAM)

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION
OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION
AND SALE OF BONDS; AUTHORIZATION AND EXECUTION
OF ARRA ASSISTANCE AGREEMENT

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds

Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds
	FORM OF SERIES 2010 B BOND
	FORM OF SERIES 2010 C BOND
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement
Section 3.12	Filing of Amended Schedule

ARTICLE IV
[RESERVED]

Section 4.01.	[Reserved]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank
Section 5.02	Establishment of Funds and Accounts with Commission
Section 5.03	System Revenues; Flow of Funds
Section 5.04	Reserve Account Letter of Credit or Surety Bond

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02	Disbursements From the Series 2010 Bond Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer
Section 7.02	Bonds not to be Indebtedness of the Issuer
Section 7.03	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds
Section 7.04	Rates and Charges
Section 7.05	Sale of the System
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07	Parity Bonds
Section 7.08	Books; Records and Audit
Section 7.09	Rates
Section 7.10	Operating Budget and Monthly Financial Report
Section 7.11	Engineering Services and Operating Personnel
Section 7.12	No Competing Franchise
Section 7.13	Enforcement of Collections
Section 7.14	No Free Services

Section 7.15	Insurance and Construction Bonds
Section 7.16	Mandatory Use
Section 7.17	Completion of Project; Permits and Orders
Section 7.18	Compliance with ARRA Assistance Agreement and Law
Section 7.19	Tax Covenants
Section 7.20	Securities Laws Compliance
Section 7.21	Contracts; Change Orders; Public Releases
Section 7.22	Statutory Mortgage Lien

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments
Section 8.02	Arbitrage and Tax Exemption
Section 8.03	Tax Certificate and Rebate

ARTICLE IX
DEFAULT AND REMEDIES

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds

ARTICLE XI
MISCELLANEOUS

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

SIGNATURES
CERTIFICATION
EXHIBIT A

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WASTEWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $81,600 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA) AND NOT MORE THAN $15,380,227 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (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 ARRA ASSISTANCE 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's existing sanitary sewer facilities, including new force mains, transmission lines and pumps, storage tanks, odor control facilities, SCADA system and other electrical improvements, miscellaneous building improvements, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 from a contribution from the West Virginia Department of Transportation, and an EPA 319 Grant (collectively the "Grants").

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), in the aggregate principal amount of not more than $81,600 (the "Series 2010 B Bonds") and Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), in the aggregate principal amount of not more than $15,380,227 (the "Series 2010 C Bonds"), to permanently finance a portion of 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 2010 B Bonds and Series 2010 C Bonds for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2010 C Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2010 C 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 2010 B Bonds and Series 2010 C 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 or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2010 B Bonds and Series 2010 C 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 22 years.

F. It is in the best interests of the Issuer that its Series 2010 B Bonds and Series 2010 C Bonds be sold to the Authority pursuant to the terms and provisions of a ARRA Assistance 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 "ARRA Assistance 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 2010 B Bonds and Series 2010 C Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Utility 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 Utility 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 Utility 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"), (4) Combined Utility 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"), (5) Combined Utility 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"), (6) Combined Utility 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 "Series 2006 A Bonds"); and (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds") and (8) Combined Utility System Revenue Bonds, Series 2010 A issued simultaneously herewith (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), issued simultaneously herewith in the original aggregate principal amount of $9,317,286 (the "Series 2010 C Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program), issued simultaneously herewith in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); and (11) Combined Utility System Revenue Bonds, Series 2010 F issued simultaneously herewith (the "Series 2010 F Bonds").

H. Prior to the issuance of the Series 2010 B Bonds and Series 2010 C 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 Prior Bonds to the issuance of the Series 2010 B Bonds and Series 2010 C Bonds on a parity with the Prior Bonds. Other than the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and 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 2010 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 ARRA Assistance Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 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 Public Service Commission of West Virginia the West Virginia Infrastructure and Jobs Development Council.

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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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.

"**ARRA Assistance Agreement**" means the ARRA Assistance 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 2010 B Bonds and Series 2010 C 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.

"**Authority**" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 B Bonds and Series 2010 C 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 2010 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 2010 Bonds for all or a portion of the proceeds of the Series 2010 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 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.

"**Council**" means the West Virginia Infrastructure and Jobs Development Council.

"**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.

"**Mayor**" means the Mayor of the Issuer.

"**Net Proceeds**" means the face amount of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

"**Operating Expenses**" 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 of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"**Operation and Maintenance Fund**" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"**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 2010 B Bonds and Series 2010 C Bonds in the Supplemental Resolution.

"**Prior Bonds**" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, and Series 2007 A Bonds.

"**Prior Ordinances**" means, collectively, the ordinances authorizing the Prior Bonds.

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

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

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

"**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 2010 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 2010 Bonds.

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

"**Series 1992 Bonds**" means the Combined Utility 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 Utility 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 2000 A Bonds**" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"**Series 2010 Bonds Construction Trust Fund**" means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

"**Series 2010 Bonds**" means collectively, the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"**Series 2010 A Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 A to be issued concurrently herewith.

"**Series 2010 A Bonds Ordinance**" means the Ordinance authorizing the Series 2010 A Bonds.

"**Series 2010 D Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), to be issued concurrently herewith in the original aggregate principal amount of $9,317,286.

"**Series 2010 D Bonds Ordinance**" means the Ordinance authorizing the Series 2010 D Bonds.

"**Series 2010 E Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program), to be issued concurrently herewith in the original aggregate principal amount of $100,000.

"**Series 2010 E Bonds Ordinance**" means the Ordinance authorizing the Series 2010 E Bonds.

"**Series 2010 F Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 F to be issued concurrently herewith.

"**Series 2010 F Bonds Ordinance**" means the Ordinance authorizing the Series 2010 F Bonds.

"**Series 2010 B Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 B Bonds Reserve Account**" means the Series 2010 B Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 B Bonds Reserve Requirement**" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 B Bonds in the then current or any succeeding year.

"**Series 2010 B Bonds Sinking Fund**" means the Series 2010 B Bonds Sinking Fund established by Section 5.02 hereof.

"**Series 2010 C Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 C Bonds Reserve Account**" means the Series 2010 C Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 C Bonds Reserve Requirement**" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 C Bonds in the then current or any succeeding year.

"**Series 2010 C Bonds Sinking Fund**" means the Series 2010 C Bonds Sinking Fund established by Section 5.02 hereof.

"**Sinking Funds**" means, collectively, the respective Sinking Funds established for the Series 2010 Bonds and the Prior Bonds.

"**SRF Administrative Fee**" means any administrative fee required to be paid pursuant to the ARRA Assistance 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 2010 B Bonds and Series 2010 C Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 B Bonds and Series 2010 C 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 2010 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, sewerage, and stormwater 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 $15,366,868, 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 2010 B Bonds and Series 2010 C 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 $15,366,868, of which approximately $81,600 will be obtained from proceeds of the Series 2010 B Bonds and approximately $15,380,227 will be obtained from proceeds of the Series 2010 C Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2010 B Bonds, if any, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2010 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 B Bonds and Series 2010 C Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2010 B Bonds of the Issuer. The Series 2010 B Bonds and Series 2010 C Bonds shall be issued in one or more series, designated as "Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA)," in the principal amount of not more than $81,600, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 B Bonds remaining after purchasing a surety bond to fund the Series 2010 B Bonds Reserve Account or cash funding the Series 2010 B Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

For the purposes of capitalizing interest on the Series 2010 C Bonds, if any, funding a reserve account or purchasing a surety bond to fund a reserve account for the Series 2010 C Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 C Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2010 C Bonds of the Issuer. The Series 2010 C Bonds shall be issued in one or more series, designated as "Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program)," in the principal amount of not more than $15,380,227, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 C Bonds remaining after purchasing a surety bond to fund the Series 2010 C Bonds Reserve Account or cash funding the Series 2010 C Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 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 2010 B Bonds and Series 2010 C 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 ARRA Assistance Agreement. The Series 2010 B Bonds and Series 2010 C Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2010 B Bonds and Series 2010 C 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.

As provided by the Supplemental Resolution, the Series 2010 B Bonds and Series 2010 C Bonds shall initially be issued in one or more series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the respective Series 2010 B Bonds and Series 2010 C Bonds. The Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds shall cease to be such officer of the Issuer before the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds or Series 2010 C Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 B Bonds or Series 2010 C Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds or transferring the registered Series 2010 B Bonds and Series 2010 C Bonds are exercised, all Series 2010 B Bonds and Series 2010 C Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 B Bonds and Series 2010 C Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 B Bonds and Series 2010 C Bonds or, in the case of any proposed redemption of Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds or Series 2010 C Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2010 B Bonds and Series 2010 C Bonds and the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F 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 2010 B Bonds and Series 2010 C Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds to the original purchasers;

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

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2010 B Bonds and Series 2010 C Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 B Bonds and Series 2010 C 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 2010 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $81,600

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, 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 EITY-ONE THOUSAND SIX HUNDRED DOLLARS ($81,600), 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, 20___ to and including _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are forgivable quarterly as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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 ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated January _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds,

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 2010 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

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: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2010 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2010 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $15,380,227

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, 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 FIFTEEN MILLION THREE HUNDRED AND EIGHTY THOUSAND TWO HUNDRED AND TWENTY SEVEN DOLLARS ($15,380,227), 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, 20__, to and including _____ 1, 20___ 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 of 2% per annum as 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, 20___, to and including _____ 1, 20___ 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 and SRF administrative fee 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 ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated January _____, 2010.

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

public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2009 C Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA),

DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 C 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 2010 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

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: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2010 B Bonds and Series 2010 C Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the ARRA Assistance 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 ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved an 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 2010 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 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Series 2010 A Bond Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Series 2010 A Bond Ordinance);

(17) Series 2010 D Bonds Sinking Fund (established by Series 2010 D Bond Ordinance);

(18) Series 2010 D Bonds Reserve Account (established by Series 2010 D Bond Ordinance);

(19) Series 2010 E Bonds Sinking Fund (established by Series 2010 E Bond Ordinance);

(20) Series 2010 E Bonds Reserve Account (established by Series 2010 E Bond Ordinance);

(21) Series 2010 F Bonds Sinking Fund (established by Series 2010 F Bond Ordinance);

(20) Series 2010 F Bonds Reserve Account (established by Series 2010 F Bond Ordinance);

(21) Series 2010 B Bonds Sinking Fund;

(22) Series 2010 B Bonds Reserve Account

(23) Series 2010 C Bonds Sinking Fund; and

(24) Series 2010 C Bonds Reserve Account

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt 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; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay interest on the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds; and (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 C Bonds, for deposit in the Series 2010 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will mature and become due on the Series 2010 C 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 2010 C 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 principal 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; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay the principal of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 C Bonds, for deposit in the Series 2010 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 C 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 2010 C 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; (ii) for deposit in the respective Reserve Accounts for the Series 2010 A Bonds, Series 2010 B BOnds, Series 2010 C Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to be deposited therein; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 D Bonds, if not fully funded upon issuance of the Series 2010 D Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 D Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 D Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 D 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 2010 D Bonds Reserve Requirement; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 E Bonds, if not fully funded upon issuance of the Series 2010 E Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 E Bonds Reserve Account, an amount equal to 1/120th of

the Series 2010 E Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 E 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 2010 E 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 2010 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 B Bonds, as the same shall become due. Moneys in the Series 2010 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 B Bonds, as the same shall come due, when other moneys in the Series 2010 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 2010 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 C Bonds, as the same shall become due. Moneys in the Series 2010 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 C Bonds, as the same shall come due, when other moneys in the Series 2010 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 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 2010 B Bonds, and then to the next ensuing principal payment due thereon.

All investment earnings on moneys in the Series 2010 C Bonds Sinking Fund and the Series 2010 C Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2010 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 2010 C Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2010 B Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 B 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.

Any withdrawals from the Series 2010 C Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 C 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 2010 b Bonds and Series 2010 C 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 2010 B Bonds Sinking Fund or the Series 2010 B Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 2010 C Bonds Sinking Fund or the Series 2010 C Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 C 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 2010 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 2010 B Bonds Sinking Fund, Series 2010 C Bonds Sinking Fund, Series 2010 B Bonds Reserve Account and the Series 2010 C Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. 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 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Moneys in the Series 2010 C Bonds Sinking Fund and the Series 2010 C Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 B Bonds under the conditions and restrictions set forth herein.

The Series 2010 C Bonds Sinking Fund and the Series 2010 C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 C 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 2010 b Bonds and series 2010 C 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 ARRA Assistance Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the ARRA Assistance 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, 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 2010 B Bonds Reserve Account or Series 2010 C Bonds Reserve Account with cash or Qualified Investments, satisfy the respective Series 2010 B Bonds Reserve Requirement or Series 2010 C 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 2010 B Bonds Reserve Requirement or Series 2010 C Bonds Reserve Requirement respectively. 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 2010 B Bonds and Series 2010 C Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 B Bonds, there shall first be deposited with the Commission in the Series 2010 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 2010 B Bonds, there shall first be deposited with the Commission in the Series 2010 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2010 B Bonds, the Issuer may purchase a surety bond to fund the Series 2010 B Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 B Bonds Reserve Account.

D. Next, from the proceeds of the Series 2010 C Bonds, the Issuer may purchase a surety bond to fund the Series 2010 C Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 C Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 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 2010 B Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 C Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 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 2010 C Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2010 B Bonds and Series 2010 C Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2010 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule.

Pending such application, moneys in the Series 2010 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds or Series 2010 C Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 B Bonds or Series 2010 C 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 2010 B Bonds and Series 2010 C 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 Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2010 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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. 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 July 21, 2010, the sewer rate ordinance of the Issuer enacted July 21, 2009, and the stormwater rate ordinance of the Issuer enacted April 17, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 B Bonds or Series 2010 C 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 ARRA Assistance Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2010 B Bonds and Series 2010 C Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance 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 ARRA Assistance 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds, immediately be remitted to the Commission for deposit in the Series 2010 B Bonds Sinking Fund and Series 2010 C Bonds Sinking Fund respectively, 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, if any, on the Series 2010 B Bonds and Series 2010 C Bonds. Any balance remaining after the payment of the Series 2010 B Bonds and Series 2010 C Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the 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 2010 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 B Bonds and Series 2010 C Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds, and shall mail in each year to

any Holder or Holders of the Series 2010 B Bonds and Series 2010 C 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2010 B Bonds and Series 2010 C Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2010 B Bonds and Series 2010 C 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 ARRA Assistance 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 ARRA Assistance 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 2010 B Bonds and Series 2010 C 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 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 B Bonds and Series 2010 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds and Series 2010 C Bonds, including the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2010 B Bonds Reserve Account, Series 2010 C Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2010 B Bonds and Series 2010 C Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 B Bonds and Series 2010 C Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 B Bonds and Series 2010 C Bonds, including the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds. 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

ARRA Assistance 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 ARRA Assistance 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 ARRA Assistance 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 ARRA Assistance Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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 stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

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 the Board, 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 2010 B Bonds and Series 2010 C 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 ARRA Assistance 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 ARRA Assistance 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 Use. The mandatory use of the stormwater 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. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

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 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 2010 B Bonds and Series 2010 C Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supple an opinion of counsel to such effect.

Section 7.18. Compliance with ARRA Assistance Agreement and Law. The Issuer and the Board shall perform, satisfy and comply with all the terms and conditions of the ARRA Assistance 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.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

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 2010 C 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 2010 C Bonds during the term thereof is, under the terms of the Series 2010 C 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 2010 C 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 2010 C Bonds during the term thereof is, under the terms of the Series 2010 C 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 2010 C 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 2010 C 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 2010 C 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 2010 C 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 2010 C 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 2010 C 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; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and 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 2010 C Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2010 C 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 2010 C Bonds which would cause the Series 2010 C 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 2010 C Bonds) so that the interest on the Series 2010 C 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 2010 C Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 C 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 2010 C 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 2010 C 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 2010 C 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 2010 B Bonds and Series 2010 C Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 B Bonds and Series 2010 C 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;

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

(5) If default occurs with respect to the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds or Series 2010 F Bonds or their respective 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 2010 B Bonds and Series 2010 C Bonds shall be on a parity with those of the Holders of the Series 2010 A Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and 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 2010 B Bonds and Series 2010 C Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of 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 2010 B Bonds and Series 2010 C Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C Bonds shall be made without the consent in writing of the Registered Owners of the Series Series 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 2010 B Bonds and Series 2010 C 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 PLLC, Morgantown, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2010 B Bonds and Series 2010 C Bonds.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *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 2010 B Bonds and Series 2010 C Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Left Blank]

Section 11.09. **Effective Date**. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading:	August 4, 2009
Passed on Second Reading:	August 18, 2009
Passed on Final Reading Following Public Hearing:	September 1, 2009

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

627490.00019

5216001.1

CERTIFICATION

Certified a true copy of a Conformed Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of September, 2009 as supplemented by Supplemental Resolution dated January 5, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Lutz
City Clerk

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2010 B
(West Virginia SRF Program/ARRA); and
Combined Utility System Revenue Bonds, Series 2010 C
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED UTILITY REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF MORGANTOWN; APPROVING AND RATIFYING THE ARRA ASSISTANCE 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.

WHEREAS, the City council (the "Governing Body") of The City of Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective September 1, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WASTEWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $22,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2009 A (WEST VIRGINIA SRF PROGRAM) IN ONE OR MORE SERIES; 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, the Issuer desires to amend the Bond Ordinance through this Supplemental Resolution (collectively, the "Bond Legislation");

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Utility Revenue Bonds, Series 2009 A (West Virginia SRF Program) in one or more series in an aggregate principal amount not to exceed $22,000,000 (the "Bonds") and has authorized the execution and delivery of a Loan Agreement relating to the Series 2010 B Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (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 that other matters relating to the Series 2010 B Bonds be herein provided for;

WHEREAS, the Combined Utility System Revenue Bonds, Series 2009 A were not issued in 2009, but will be issued in 2010;

WHEREAS, the Governing Body desires to redesignate the Combined Utility System Revenue Bonds, Series 2009 A as Combined Utility System Revenue Bonds, Series 2010 B and Combined Utility System Revenue Bonds, Series 2010 C;

WHEREAS, the Loan Agreement shall be known as the ARRA Assistance Agreement and the ARRA Assistance Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2010 B Bonds and Series 2010 C Bonds are proposed to be purchased by the Authority pursuant to the ARRA Assistance Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2010 B Bonds and Series 2010 C Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2010 B Bonds and Series 2010 C Bonds be herein provided for;

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

Section 1. The Issuer hereby redesignates the Combined Utility System Revenue Bonds, Series 2009 A as Combined Utility System Revenue Bonds, Series 2010 B and Combined Utility System Revenue Bonds, Series 2010 C Bonds.

Section 2. 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 Utility

Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $81,600. The Series 2010 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2022, and shall bear no interest. The principal of the Series 2010 B Bonds shall be forgivable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, to and including September 1, 2022, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Series 2010 B Bonds. The Series 2010 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 B Bonds. The Series 2010 B Bonds are not subject to the SRF Administrative Fee.

Section 3. 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 Utility Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, originally represented by a single bond, numbered CR-1, in the original aggregate principal amount of $15,380,227. The Series 2010 C Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2032 and shall bear interest at the rate of 2% per annum.. The principal of the Series 2010 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 C Bonds and incorporated in and made a part of the Series 2010 C Bonds. The interest of the Series 2010 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 C Bonds and incorporated in and made a part of the Series 2010 C Bonds. The Series 2010 C 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 ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 C Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2010 C Bonds set forth in "Schedule Y" attached to the ARRA Assistance Agreement.

Section 4. The Issuer does hereby adopt the Conformed Ordinance attached hereto as Exhibit A.

Section 5. All other provisions relating to the Series 2010 B Bonds and Series 2010 C Bonds and the text of each series of the Series 2010 B Bonds and Series 2010 C Bonds shall be in substantially the forms provided in the Bond Legislation.

Section 6. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the DEP and the Authority. The price of the Series 2010 B Bonds and Series 2010 C

Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 B Bonds and Series 2010 C Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 7. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 B Bonds and Series 2010 C Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2010 B Bonds and Series 2010 C 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 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2010 B Bonds and Series 2010 C Bonds under the Bond Legislation.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Morgantown, West Virginia, to serve as Depository Bank under the Bond Legislation.

Section 10. Series 2010 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2010 B Bonds shall be deposited in or credited to the Series 2010 B Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 B Bonds and related costs.

Section 12. Series 2010 C Bonds proceeds in the amount of $934,937 shall be deposited in the Series 2010 C Bonds Reserve Account.

Section 13. The balance of the proceeds of the Series 2010 C Bonds shall be deposited in or credited to the Series 2010 C Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 C Bonds and related costs.

Section 14. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2010 B Bonds and Series 2010 C Bonds hereby and by the Bond Legislation approved and provided for, to the end that the Series 2010 B Bonds and Series 2010 C Bonds may be delivered on or about January 28, 2010, to the Authority pursuant to the ARRA Assistance Agreement.

Section 15. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2010 B Bonds and Series 2010 C Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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

Section 17. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Legislation held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Series 2010 B Bonds and Series 2010 C Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 18. The Special Conditions of the ARRA Assistance Agreement attached as Exhibit B are hereby accepted and agreed to and incorporated herein.

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 5th day of January, 2010.

Bree Ryan

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 5th day of January, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Lucas
Clerk

12.27.09
627490.00039

EXHIBIT A
Conformed Bond Ordinance

EXHIBIT B

SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

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.

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP. New systems shall submit the asset management plan to DEP when the Project is complete. Existing systems shall submit the asset management plan to DEP within six months following completion of the Project.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by January 28, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

L. FALSE CLAIMS – The Local Government must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with

nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated "Series [2009] B" and shall contain "(WVCWSRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

T. CLOSING CONDITIONS – The closing is contingent upon receipt by the DEP and the Authority of a satisfactory final title opinion and the completion of administrative review by the DEP.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $81,600

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, 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 EIGHTY-ONE THOUSAND SIX HUNDRED DOLLARS ($81,600), 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 December 1, 2012 to and including September 1, 2022, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are forgivable quarterly as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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 ARRA Assistance Agreement by and between the Issuer and the Authority, on behalf of the DEP, dated January 28, 2010.

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 wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, 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 2010 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$-0-	January 28, 2010	(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

BOND DEBT SERVICE
City of Morgantown
ARRA
10 Years

Dated Date 1/28/2010 Series B
Delivery Date 1/28/2010

Period Ending	Debt Service	Principal Forgiveness
1/28/2010		
12/1/2012	-2,040	-2,040
3/1/2013	-2,040	-2,040
6/1/2013	-2,040	-2,040
9/1/2013	-2,040	-2,040
12/1/2013	-2,040	-2,040
3/1/2014	-2,040	-2,040
6/1/2014	-2,040	-2,040
9/1/2014	-2,040	-2,040
12/1/2014	-2,040	-2,040
3/1/2015	-2,040	-2,040
6/1/2015	-2,040	-2,040
9/1/2015	-2,040	-2,040
12/1/2015	-2,040	-2,040
3/1/2016	-2,040	-2,040
6/1/2016	-2,040	-2,040
9/1/2016	-2,040	-2,040
12/1/2016	-2,040	-2,040
3/1/2017	-2,040	-2,040
6/1/2017	-2,040	-2,040
9/1/2017	-2,040	-2,040
12/1/2017	-2,040	-2,040
3/1/2018	-2,040	-2,040
6/1/2018	-2,040	-2,040
9/1/2018	-2,040	-2,040
12/1/2018	-2,040	-2,040
3/1/2019	-2,040	-2,040
6/1/2019	-2,040	-2,040
9/1/2019	-2,040	-2,040
12/1/2019	-2,040	-2,040
3/1/2020	-2,040	-2,040
6/1/2020	-2,040	-2,040
9/1/2020	-2,040	-2,040
12/1/2020	-2,040	-2,040
3/1/2021	-2,040	-2,040
6/1/2021	-2,040	-2,040
9/1/2021	-2,040	-2,040
12/1/2021	-2,040	-2,040
3/1/2022	-2,040	-2,040
6/1/2022	-2,040	-2,040
9/1/2022	-2,040	-2,040
	-81,600	-81,600

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY
SYSTEM REVENUE BOND, SERIES 2010 C
(WEST VIRGINIA SRF PROGRAM)

No. CR-1 $15,380,227

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, 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 FIFTEEN MILLION THREE HUNDRED AND EIGHTY THOUSAND TWO HUNDRED AND TWENTY SEVEN DOLLARS ($15,380,227), 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 December 1, 2012 to and including September 1, 2032 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 of 2% per annum as 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 December 1, 2012 to and including September 1, 2032 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 and SRF administrative fee 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 ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated January 28, 2010.

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 wastewater portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2009 C Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL

AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE 'SERIES 2010 D BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 C 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 2010 C Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds; provided, however, that so long as there exists in the Series 2010 C Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 D Bonds, Series 2010 E Bonds, Series 2010 F Bonds 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$975,937	January 28, 2010	(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

BOND DEBT SERVICE
City of Morgantown
20 Years
2% Interest Rate, 1% Administrative Fee

Dated Date	1/28/2010
Delivery Date	1/28/2010

2010
Series C

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
1/28/2010					
12/1/2012	156,833	2.000%	76,901.14	233,734.14	
3/1/2013	157,617	2.000%	76,116.97	233,733.97	
6/1/2013	158,405	2.000%	75,328.89	233,733.89	
9/1/2013	159,197	2.000%	74,536.86	233,733.86	934,935.86
12/1/2013	159,993	2.000%	73,740.88	233,733.88	
3/1/2014	160,793	2.000%	72,940.91	233,733.91	
6/1/2014	161,597	2.000%	72,136.95	233,733.95	
9/1/2014	162,405	2.000%	71,328.96	233,733.96	934,935.70
12/1/2014	163,217	2.000%	70,516.94	233,733.94	
3/1/2015	164,033	2.000%	69,700.85	233,733.85	
6/1/2015	164,853	2.000%	68,880.69	233,733.69	
9/1/2015	165,677	2.000%	68,056.42	233,733.42	934,934.90
12/1/2015	166,506	2.000%	67,228.04	233,734.04	
3/1/2016	167,338	2.000%	66,395.51	233,733.51	
6/1/2016	168,175	2.000%	65,558.82	233,733.82	
9/1/2016	169,016	2.000%	64,717.94	233,733.94	934,935.31
12/1/2016	169,861	2.000%	63,872.86	233,733.86	
3/1/2017	170,710	2.000%	63,023.56	233,733.56	
6/1/2017	171,564	2.000%	62,170.01	233,734.01	
9/1/2017	172,422	2.000%	61,312.19	233,734.19	934,935.62
12/1/2017	173,284	2.000%	60,450.08	233,734.08	
3/1/2018	174,150	2.000%	59,583.66	233,733.66	
6/1/2018	175,021	2.000%	58,712.91	233,733.91	
9/1/2018	175,896	2.000%	57,837.80	233,733.80	934,935.45
12/1/2018	176,776	2.000%	56,958.32	233,734.32	
3/1/2019	177,659	2.000%	56,074.44	233,733.44	
6/1/2019	178,548	2.000%	55,186.15	233,734.15	
9/1/2019	179,440	2.000%	54,293.41	233,733.41	934,935.32
12/1/2019	180,338	2.000%	53,396.21	233,734.21	
3/1/2020	181,239	2.000%	52,494.52	233,733.52	
6/1/2020	182,145	2.000%	51,588.32	233,733.32	
9/1/2020	183,056	2.000%	50,677.60	233,733.60	934,934.65
12/1/2020	183,972	2.000%	49,762.32	233,734.32	
3/1/2021	184,891	2.000%	48,842.46	233,733.46	
6/1/2021	185,816	2.000%	47,918.00	233,734.00	
9/1/2021	186,745	2.000%	46,988.92	233,733.92	934,935.70
12/1/2021	187,679	2.000%	46,055.20	233,734.20	

BOND DEBT SERVICE
City of Morgantown

2010 C

Period Ending	Principal	Coupon	Interest	Debt Service		Annual Debt Service
3/1/2022	188,617	2.000%	45,116.80	233,733.80		
6/1/2022	189,560	2.000%	44,173.72	233,733.72		
9/1/2022	190,508	2.000%	43,225.92	233,733.92		934,935.64
12/1/2022	191,460	2.000%	42,273.38	233,733.38		
3/1/2023	192,418	2.000%	41,316.08	233,734.08		
6/1/2023	193,380	2.000%	40,353.99	233,733.99		
9/1/2023	194,347	2.000%	39,387.09	233,734.09		934,935.54
12/1/2023	195,318	2.000%	38,415.35	233,733.35		
3/1/2024	196,295	2.000%	37,438.76	233,733.76		
6/1/2024	197,277	2.000%	36,457.29	233,734.29		
9/1/2024	198,263	2.000%	35,470.90	233,733.90		934,935.30
12/1/2024	199,254	2.000%	34,479.59	233,733.59		
3/1/2025	200,251	2.000%	33,483.32	233,734.32		
6/1/2025	201,252	2.000%	32,482.06	233,734.06		
9/1/2025	202,258	2.000%	31,475.80	233,733.80		934,935.77
12/1/2025	203,269	2.000%	30,464.51	233,733.51		
3/1/2026	204,286	2.000%	29,448.17	233,734.17		
6/1/2026	205,307	2.000%	28,426.74	233,733.74		
9/1/2026	206,334	2.000%	27,400.20	233,734.20		934,935.62
12/1/2026	207,365	2.000%	26,368.53	233,733.53		
3/1/2027	208,402	2.000%	25,331.71	233,733.71		
6/1/2027	209,444	2.000%	24,289.70	233,733.70		
9/1/2027	210,491	2.000%	23,242.48	233,733.48		934,934.42
12/1/2027	211,544	2.000%	22,190.02	233,734.02		
3/1/2028	212,602	2.000%	21,132.30	233,734.30		
6/1/2028	213,665	2.000%	20,069.29	233,734.29		
9/1/2028	214,733	2.000%	19,000.97	233,733.97		934,936.58
12/1/2028	215,807	2.000%	17,927.30	233,734.30		
3/1/2029	216,886	2.000%	16,848.27	233,734.27		
6/1/2029	217,970	2.000%	15,763.84	233,733.84		
9/1/2029	219,060	2.000%	14,673.99	233,733.99		934,936.40
12/1/2029	220,155	2.000%	13,578.69	233,733.69		
3/1/2030	221,256	2.000%	12,477.91	233,733.91		
6/1/2030	222,362	2.000%	11,371.63	233,733.63		
9/1/2030	223,474	2.000%	10,259.82	233,733.82		934,935.05
12/1/2030	224,591	2.000%	9,142.45	233,733.45		
3/1/2031	225,714	2.000%	8,019.50	233,733.50		
6/1/2031	226,843	2.000%	6,890.93	233,733.93		
9/1/2031	227,977	2.000%	5,756.71	233,733.71		934,934.59
12/1/2031	229,117	2.000%	4,616.83	233,733.83		
3/1/2032	230,263	2.000%	3,471.24	233,734.24		
6/1/2032	231,414	2.000%	2,319.93	233,733.93		
9/1/2032	232,571	2.000%	1,162.86	233,733.86		934,935.86
	15,380,227		3,318,482.28	18,698,709.28	*	18,698,709.28

* Plus a Quarterly administrative fee of $20,740.52 for a total Administrative expense of $1,659,241.60

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D
(WEST VIRGINIA DWTRF PROGRAM); AND
COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION
OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION
AND SALE OF BONDS; AUTHORIZATION AND EXECUTION
OF ARRA ASSISTANCE AGREEMENT

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds

Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds
	FORM OF SERIES 2010 D BOND
	FORM OF SERIES 2010 E BOND
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement
Section 3.12	Filing of Amended Schedule

ARTICLE IV
[RESERVED]

Section 4.01. [Reserved]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank
Section 5.02	Establishment of Funds and Accounts with Commission
Section 5.03	System Revenues; Flow of Funds
Section 5.04	Reserve Account Letter of Credit or Surety Bond

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02	Disbursements From the Series 2010 Bond Construction Trust Funds

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.13	Enforcement of Collections
Section 7.14	No Free Services
Section 7.15	Insurance and Construction Bonds
Section 7.16	Mandatory Use
Section 7.17	Completion of Project; Permits and Orders
Section 7.18	Compliance with ARRA Assistance Agreement and Law
Section 7.19	Reserved
Section 7.20	Securities Laws Compliance
Section 7.21	Contracts; Change Orders; Public Releases
Section 7.22	Statutory Mortgage Lien

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments
Section 8.02	Arbitrage and Tax Exemption
Section 8.03	Tax Certificate and Rebate

ARTICLE IX
DEFAULT AND REMEDIES

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds

ARTICLE XI
MISCELLANEOUS

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

SIGNATURES
CERTIFICATION
EXHIBIT A

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $9,317,286 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA); 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 ARRA ASSISTANCE 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 16, Article 13 C 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's public waterworks system, including new water storage tanks, transmission lines, pumping stations, SCADA system and electrical improvements, building improvements and expansion, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 Drinking Water Treatment Revolving Fund Program (the "DWTRF Program"), which the Authority administers pursuant to the Act on behalf of the West Virginia Bureau for Public Health.

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), in the aggregate principal amount of not more than $9,317,286 (the "Series 2010 D Bonds") and Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), in the aggregate principal amount of not more than $100,000 (the "Series 2010 E Bonds"), to permanently finance a portion of 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 DWTRF Program; interest upon the Series 2010 D Bonds or Series 2010 E Bonds for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2010 D Bonds Reserve Account and Series 2010 E Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2010 D Bonds Reserve Account; Series 2010 E 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 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 2010 D Bonds or Series 2010 E 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 or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2010 D Bonds or Series 2010 E 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 22 years.

F. It is in the best interests of the Issuer that its Series 2010 D Bonds and Series 2010 E Bonds be sold to the Authority pursuant to the terms and provisions of a ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the West Virginia Bureau for Public Health (the "BPH"), in form satisfactory to the respective parties (the "ARRA Assistance 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 2010 D Bonds and Series 2010 E Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Utility 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 Utility 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 Utility 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"), (4) Combined Utility 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"), (5) Combined Utility 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"), (6) Combined Utility 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 "Series 2006 A Bonds"); and (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"), (collectively, the "Prior Bonds"); and (8) Combined Utility System Revenue Bonds, Series 2010 A, issued simultaneously herewith (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), issued simultaneously herewith in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), issued simultaneously herewith in the original aggregate principal amount of $15,203,668 (the "Series 2010 C Bonds"); and (1) Combined Utility System Revenue Bonds, Series 2010 F, issued simultaneously herewith (the "Series 2010 F Bonds")

H. Prior to the issuance of the Series 2010 D Bonds and Series 2010 E 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 Prior Bonds to the issuance of the Series 2010 D Bonds and Series 2010 E Bonds on a parity with the Prior Bonds. Other than the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and 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 2010 D Bonds and

Series 2010 E Bonds and the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F 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 ARRA Assistance Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2010 D Bonds and Series 2010 E 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 Public Service Commission of West Virginia the West Virginia Infrastructure and Jobs Development Council.

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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 16, Article 13 C of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"**Administrative Fee**" means any administrative fee required to be paid pursuant to the ARRA Assistance Agreement.

"**ARRA Assistance Agreement**" means the ARRA Assistance Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority on behalf of the BPH, providing for the purchase of the Series 2010 D Bonds and Series 2010 E 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.

"**Authority**" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 D Bonds and Series 2010 E 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 BPH 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 2010 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 2010 D Bonds and Series 2010 E Bonds for all or a portion of the proceeds of the Series 2010 D Bonds and Series 2010 E Bonds from the Authority and the BPH.

"**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 DWTRF Regulations.

"**Consulting Engineers**" means 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.

"**Council**" means the West Virginia Infrastructure and Jobs Development Council.

"**BPH**" means the West Virginia Bureau for Public Health, or any other agency, board or department of the state that succeeds to the function of the BPH.

"**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.

"**DWTRF Program**" means the West Virginia Drinking Water Treatment Revolving Fund Program established by the State, administered by BPH and funded by capitalized grants awarded to the State pursuant to the Federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"**DWTRF Regulations**" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

"**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.

"**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.

"**Mayor**" means the Mayor of the Issuer.

"**Net Proceeds**" means the face amount of the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"**Operating Expenses**" 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 DWTRF 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 of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"**Operation and Maintenance Fund**" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"**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 2010 D Bonds and Series 2010 E Bonds in the Supplemental Resolution.

"**Prior Bonds**" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, and Series 2007 A Bonds.

"**Prior Ordinances**" means, collectively, the ordinances authorizing the Prior Bonds.

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

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

"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 2010 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 2010 Bonds.

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

"Series 1992 Bonds" means the Combined Utility 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 Utility 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 2000 A Bonds**" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"**Series 2007 A Bonds**" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"**Series 2010 Bonds**" means collectively, the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"**Series 2010 A Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 A to be issued concurrently herewith.

"**Series 2010 A Bonds Ordinance**" means the Ordinance authorizing the Series 2010 A Bonds.

"**Series 2010 B Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), to be issued concurrently herewith in the original aggregate principal amount of $81,600.

"**Series 2010 B Bonds Ordinance**" means the Ordinance authorizing the Series 2010 B Bonds.

"**Series 2010 C Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), to be issued concurrently herewith in the original aggregate principal amount of $15,203,668.

"**Series 2010 C Bonds Ordinance**" means the Ordinance authorizing the Series 2010 C Bonds.

"**Series 2010 F Bonds**" means the Issuer's Combined Utility System Revenue Bonds, Series 2010 F to be issued concurrently herewith.

"**Series 2010 F Bonds Ordinance**" means the Ordinance authorizing the Series 2010 F Bonds.

"**Series 2010 D Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 Bonds Construction Trust Fund**" means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

"**Series 2010 D Bonds Reserve Account**" means the Series 2010 D Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 D Bonds Reserve Requirement**" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 D Bonds in the then current or any succeeding year.

"**Series 2010 D Bonds Sinking Fund**" means the Series 2010 D Bonds Sinking Fund established by Section 5.02 hereof.

"**Series 2010 E Bonds**" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, authorized by this Bond Legislation.

"**Series 2010 E Bonds Reserve Account**" means the Series 2010 E Bonds Reserve Account established by Section 5.02 hereof.

"**Series 2010 E Bonds Reserve Requirement**" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 E Bonds in the then current or any succeeding year.

"**Series 2010 E Bonds Sinking Fund**" means the Series 2010 E Bonds Sinking Fund established by Section 5.02 hereof.

"**Sinking Funds**" means, collectively, the respective Sinking Funds established for the Series 2010 Bonds and the Prior Bonds.

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

"**Supplemental Resolution**" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2010 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 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 2010 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, sewerage, and stormwater 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 $69,417,286, 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 2010 D Bonds and Series 2010 E 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 BPH and the Authority.

The cost of the Project is estimated not to exceed $69,417,286, of which an amount not to excedd $60,000,000 will be obtained from cumulative proceeds of the Series 2010 A Bonds and Series 2010 F Bonds, approximately $9,317,286 will be obtained from the Series 2010 D Bonds and approximately $100,000 will be obtained from the Series 2010 E Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2010 D Bonds and Series 2010 E Bonds, if any, funding respective reserve accounts or purchasing a surety bonds to fund respective reserve accounts for the Series 2010 D Bonds and Series 2010 E Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 D Bonds and Series 2010 E Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2010 D Bonds and Series 2010 E Bonds of the Issuer.

The Series 2010 D Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program)," in the principal amount of not more than $9,317,286, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 D Bonds remaining after purchasing a surety bond to fund the Series 2010 D Bonds Reserve Account or cash funding the Series 2010 D Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

The Series 2010 E Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA)," in the principal amount of not more than $100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 E Bonds remaining after purchasing a surety bond to fund the Series 2010 E Bonds Reserve Account or cash funding the Series 2010 E Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 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 2010 D Bonds and Series 2010 E 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 ARRA Assistance Agreement. The Series 2010 D Bonds and Series 2010 E Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2010 D Bonds and Series 2010 E 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.

As provided by the Supplemental Resolution, the Series 2010 D Bonds and Series 2010 E Bonds shall initially be issued each as one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2010 D Bonds and Series 2010 E Bonds. The Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds shall cease to be such officer of the Issuer before the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 D Bonds and Series 2010 E Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds or transferring the registered Series 2010 D Bonds and Series 2010 E Bonds are exercised, all Series 2010 D Bonds and Series 2010 E Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 D Bonds and Series 2010 E Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 D Bonds and Series 2010 E Bonds or, in the case of any proposed redemption of Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 D Bonds and Series 2010 E 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 2010 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, if any, on the Series 2010 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 2010 D Bonds and Series 2010 E Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds to the original purchasers;

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

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2010 D Bonds and Series 2010 E Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 D Bonds and Series 2010 E 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 2010 D BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 D
(WEST VIRGINIA DWTRF PROGRAM)

No. DR-1 $9,317,286

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, 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 NINE MILLION THREEHUNDRED SEVENTEEN THOUSAND TWO HUNDRED EIGHTY SIX DOLLARS ($9,317,286), 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, 20___ to and including _____ 1, 20____ 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 on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on EXHIBIT B attached hereto. The Series 2010 D Bonds are not subject to the Administrative Fee.

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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund

the reserve account for the Bonds of the Series 2010 D Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF

PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 D 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 2010 D Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 D 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 D 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: _____, 2010.

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: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2010 E BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITY SYSTEM REVENUE BOND, SERIES 2010 E
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

No. ER-1 $100,000

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of January, 2010, 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 ONE HUNDRED THOUSAND DOLLARS ($100,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on EXHIBIT B attached hereto. The Series 2010 E Bonds are not subject to the Administrative Fee.

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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated _____, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund

the reserve account for the Series 2010 E Bonds; and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,203,668 (THE "SERIES 2010 C BONDS'); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM),

DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F, DATED JANUARY ___, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 E 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 2010 E Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 E 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 E 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: _____, 2010.

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: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2010 D Bonds and Series 2010 E Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor and the City Manager are specifically authorized and directed to execute the ARRA Assistance 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 ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved an 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 BPH, a schedule, the form of which will be provided by the BPH, 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 2010 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 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Series 2010 A Bond Ordinance);

(16) Series 2010 A Bonds Reserve Account (established by Series 2010 A Bond Ordinance);

(17) Series 2010 B Bonds Sinking Fund (established by Series 2010 B Bond Ordinance);

(18) Series 2010 B Bonds Reserve Account (established by Series 2010 B Bond Ordinance);

(19) Series 2010 C Bonds Sinking Fund (established by Series 2010 C Bond Ordinance);

(20) Series 2010 C Bonds Reserve Account (established by Series 2010 C Bond Ordinance);

(21) Series 2010 F Bonds Sinking Fund (established by Series 2010 F Bond Ordinance);

(20) Series 2010 F Bonds Reserve Account (established by Series 2010 F Bond Ordinance);

(21) Series 2010 D Bonds Sinking Fund;

(22) Series 2010 D Bonds Reserve Account

(23) Series 2010 E Bonds Sinking Fund; and

(24) Series 2010 E 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; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay interest on the Series 2010 A Bonds and Series 2010 F Bonds; and (iii) commencing 4 months prior to the first date of payment of interest on the Series 2010 D Bonds for which interest has not been capitalized or as required in the ARRA Assistance Agreement, for deposit in the Series 2010 D Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2010 D 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 2010 D 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; (ii) for deposit in the respective Sinking Funds for the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to pay the principal of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds and Series 2010 F Bonds; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 D Bonds, for deposit in the Series 2010 D Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 D 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 2010 D Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 E Bonds, for deposit in the Series 2010 E Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 E 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 2010 E 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; (ii) for deposit in the respective Reserve Accounts for the Series 2010 A Bonds, Series 2010 B B0nds, Series 2010 C Bonds and Series 2010 F Bonds, the amounts required by the respective Ordinances to be deposited therein; (iii) commencing 4 months prior to the first date of payment of principal of the Series 2010 D Bonds, if not fully funded upon issuance of the Series 2010 D Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 D Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 D Bonds Reserve Requirement; provided that, no further payments shall be made into the

Series 2010 D 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 2010 D Bonds Reserve Requirement; and (iv) commencing 4 months prior to the first date of payment of principal of the Series 2010 E Bonds, if not fully funded upon issuance of the Series 2010 E Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2010 E Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 E Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 E 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 2010 E 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 2010 D Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 D Bonds, as the same shall become due. Moneys in the Series 2010 D Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 D Bonds, as the same shall come due, when other moneys in the Series 2010 D Bonds Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 2010 E Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 E Bonds, as the same shall become due. Moneys in the Series 2010 E Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 E Bonds, as the same shall come

due, when other moneys in the Series 2010 E Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2010 D Bonds Sinking Fund and the Series 2010 D 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 2010 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 2010 D Bonds, and then to the next ensuing principal payment due thereon.

All investment earnings on moneys in the Series 2010 E Bonds Sinking Fund and the Series 2010 E 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 2010 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 2010 E Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2010 D Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 D 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.

Any withdrawals from the Series 2010 E Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds Sinking Fund or the Series 2010 D Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 D Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 2010 E Bonds Sinking Fund or the Series 2010 E Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 E 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 2010 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 2010 D Bonds Sinking Fund, the Series 2010 E Bonds Sinking Fund, the Series 2010 D Bonds Reserve Account and the Series 2010 E 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. 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 2010 D Bonds Sinking Fund and the Series 2010 D Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Moneys in the Series 2010 E Bonds Sinking Fund and the Series 2010 E Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 D Bonds Sinking Fund and the Series 2010 D Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 D Bonds under the conditions and restrictions set forth herein.

The Series 2010 E Bonds Sinking Fund and the Series 2010 E Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 E 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 2010 D Bonds and Series 2010 E 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 Administrative Fee as set forth in the Schedule Y attached to the ARRA Assistance Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the ARRA Assistance 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 2010 D Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2010 D 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 2010 D 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.

With the advance written consent of the Authority, the Issuer may, in lieu of funding the Series 2010 E Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2010 E 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 2010 E 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 2010 D Bonds and Series 2010 E Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 D Bonds, there shall first be deposited with the Commission in the Series 2010 D Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2010 E Bonds, there shall first be deposited with the Commission in the Series 2010 E Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 2010 D Bonds, the Issuer may purchase a surety bond to fund the Series 2010 D Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 D Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 D Bonds Reserve Account.

D. Next, from the proceeds of the Series 2010 E Bonds, the Issuer may purchase a surety bond to fund the Series 2010 E Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2010 E Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 E Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 D Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 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 2010 D Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2010 E Bonds, such moneys shall be deposited with the Depository Bank in the Series 2010 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 2010 E Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2010 D Bonds and Series 2010 E Bonds shall be expended as approved by the BPH.

Section 6.02. Disbursements From the Series 2010 Bond Construction Trust Fund. On or before the closing date, the Board shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds; (ii) to take any and all actions necessary to apply for and obtain a commitment from the BPH, specifically including, but not limited to, any administrative loan documents required by BPH; 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 2010 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the BPH of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule.

Pending such application, moneys in the Series 2010 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 2010 D Bonds and Series 2010 E Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F 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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. 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 July 21, 2009, the sewer rate ordinance of the Issuer enacted July 21, 2009, and the stormwater rate ordinance of the Issuer enacted April 17, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 D Bonds and Series 2010 E 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 ARRA Assistance Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2010 D Bonds and Series 2010 E Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance 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 ARRA Assistance 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 2010 D Bonds and Series 2010 E Bonds are outstanding and except as otherwise required by law or with the written consent of the BPH 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 2010 D Bonds and Series 2010 E Bonds, immediately be remitted to the Commission for deposit in the Series 2010 D Bonds Sinking Fund and Series 2010 E Bonds Sinking Fund respectively, and, with the written permission of the BPH 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 2010 D Bonds and Series 2010 E Bonds. Any balance remaining after the payment of the Series 2010 D Bonds and Series 2010 E 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 2010 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 D Bonds and Series 2010 E 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

2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 D Bonds and Series 2010 E 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 BPH 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 2010 D Bonds and Series 2010 E Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH 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 2010 D Bonds and Series 2010 E 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 any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 2010 D Bonds and Series 2010 E 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 2010 D Bonds and Series 2010 E 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 BPH, 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 BPH 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 BPH, 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 BPH, or any other original purchaser of the Series 2010 D Bonds and Series 2010 E Bonds, and shall mail in each year to any Holder or Holders of the Series 2010 D Bonds and Series 2010 E 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2010 D Bonds and Series 2010 E Bonds and shall submit said report to the Authority and the BPH, or any other original purchaser of the Series 2010 D Bonds and Series 2010 E Bonds. Such audit report submitted to the Authority and the BPH 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 ARRA Assistance 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 BPH 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 ARRA Assistance Agreement or as promulgated from time to time.

The Board shall permit the Authority and the BPH, 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 BPH, 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 BPH with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2010 D Bonds and Series 2010 E 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2010 D Bonds and Series 2010 E Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2010 D Bonds and Series 2010 E Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2010 D Bonds Reserve Account and Series 2010 E Bonds Reserve Account respectively and any reserve accounts for obligations on a parity with the Series 2010 D Bonds and Series 2010 E Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 D Bonds or Series 2010 E Bonds and all other obligations secured by a lien on

or payable from such revenues on a parity with the Series 2010 D Bonds and Series 2010 E Bonds, including Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds. 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 BPH 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 BPH 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 BPH 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 ARRA Assistance Agreement, and forward a copy of such report to the Authority and the BPH 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 ARRA Assistance 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 BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH 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 BPH 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 BPH 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 DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreement as Exhibit A, to the BPH 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 DWTRF Regulations, to the BPH 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 ARRA Assistance Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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 stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore

such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

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 the Board, 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 2010 D Bonds or Series 2010 E 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 ARRA Assistance 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 BPH. The Board shall verify such insurance prior to commencement of construction. In the event the ARRA Assistance 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 Use. The mandatory use of the stormwater 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. Accordingly, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory

use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

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 Council and the BPH necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2010 D Bonds or Series 2010 E Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supple an opinion of counsel to such effect.

Section 7.18. Compliance with ARRA Assistance Agreement and Law. The Issuer and the Board shall perform, satisfy and comply with all the terms and conditions of the ARRA Assistance Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer and the Board shall provide the BPH 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 BPH 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.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. Reserved.

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; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2010 D Bonds or Series 2010 E 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 BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2010 D Bonds or Series 2010 E Bonds 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 BPH before expending any proceeds of the Series 2010 D Bonds or Series 2010 E 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 BPH 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 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such

funds, accounts and investment earnings so long as any of the Series 2010 D Bonds or Series 2010 E Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2010 D Bonds or Series 2010 E Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2010 D Bonds or Series 2010 E Bonds as a condition to issuance of the Series 2010 D Bonds or Series 2010 E Bonds.

In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2010 D Bonds or Series 2010 E Bonds as may be necessary in order to maintain the status of the Series 2010 D Bonds or Series 2010 E Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2010 D Bonds or Series 2010 E Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the BPH, as the case may be, from which the proceeds of the Series 2010 D Bonds or Series 2010 E Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2010 D Bonds or Series 2010 E Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 D Bonds or Series 2010 E Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 D Bonds or Series 2010 E 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds 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 2010 D Bonds or Series 2010 E Bonds shall be on a parity with those of the Holders of the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 F Bonds and 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 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 D Bonds or Series 2010 E 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 2010

D Bonds or Series 2010 E Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E 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 2010 D Bonds or Series 2010 E 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 PLLC, Charleston, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2010 D Bonds or Series 2010 E Bonds.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *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 2010 D Bonds or Series 2010 E Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Left Blank]

Section 11.09. **Effective Date.** This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading:	August 4, 2009
Passed on Second Reading:	August 18, 2009
Passed on Final Reading Following Public Hearing:	September 1, 2009

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

627490.00034

5216083.1

CERTIFICATION

Certified a true copy of a Conformed Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 1st day of September, 2009 as supplemented by Supplemental Resolution dated January 5, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Lutz
City Clerk

EXHIBIT A

ARRA Assistance Agreement is included in bond transcript as Document 3.

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2010 D
(West Virginia DWTRF Program); and
Combined Utility System Revenue Bonds, Series 2010 E
(West Virginia DWTRF Program/ARRA)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM) AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA) OF THE CITY OF MORGANTOWN; APPROVING AND RATIFYING THE ARRA ASSISTANCE 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.

WHEREAS, the City council (the "Governing Body") of The City of Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective September 1, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $13,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA DWTRF PROGRAM) IN ONE OR MORE SERIES; 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, the Issuer desires to amend the Bond Ordinance through this Supplemental Resolution (collectively, the "Bond Legislation")

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Utility System Revenue Bonds, Series 2009 C (West Virginia DWTRF Program) in one or more series in an aggregate principal amount not to exceed $13,000,000 (the "Bonds") and has authorized the execution and delivery of a Loan Agreement relating to the Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Combined Utility System Revenue Bonds, Series 2010 C were not issued in 2009, but will be issued in 2010;

WHEREAS, the Governing Body desires to redesignate the Combined Utility System Revenue Bonds, Series 2009 C as Combined Utility System Revenue Bonds, Series 2010 D and Combined Utility System Revenue Bonds, Series 2010 E;

WHEREAS, the Loan Agreement shall be known as the ARRA Assistance Agreement and the ARRA Assistance Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Series 2010 D Bonds and Series 2009 E Bonds are proposed to be purchased by the Authority pursuant to the ARRA Assistance Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2010 D Bonds and Series 2010 E Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2010 D Bonds and Series 2010 E Bonds be herein provided for;

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

Section 1. The Issuer hereby redesignates the Combined Utility System Revenue Bonds, Series 2009 C as Combined Utility System Revenue Bonds, Series 2010 D and Combined Utility System Revenue Bonds, Series 2010 E.

Section 2. 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 Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered DR-1, in the original aggregate principal amount of $9,317,286. The Series 2010 D Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2032 and shall bear interest at the rate of 2% per annum.. The principal of the Series 2010 D Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 D Bonds and incorporated in and made a part of the Series 2010 C Bonds. The interest of the Series 2010 C Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 D Bonds and incorporated in and made a part of the Series 2010 D Bonds. The Series 2010 D Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 D Bonds. The Series 2010 D Bonds are not subject to the Administrative Fee.

Section 3. 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 Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, originally represented by a single bond, numbered ER-1, in the original aggregate principal amount of $100,000. The Series 2010 C Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2032 and shall bear interest at the rate of 2% per annum.. The principal of the Series 2010 E Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 E Bonds and incorporated in and made a part of the Series 2010 E Bonds. The interest of the Series 2010 E Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012, to and including September 1, 2032, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement for the Series 2010 E Bonds and incorporated in and made a part of the Series 2010 E Bonds. The Series 2010 E Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 E Bonds. The Series 2010 E Bonds are not subject to the Administrative Fee.

Section 4. The Issue does hereby adopt the Conformed Ordinance attached hereto as Exhibit A.

Section 5. All other provisions relating to the Series 2010 D Bonds and Series 2010 E Bonds and the text of each series of the Series 2010 D Bonds and Series 2010 E Bonds shall be in substantially the forms provided in the Bond Legislation.

Section 6. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the BPH and the Authority. The price of the Series 2010 D Bonds and Series 2010 E Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 D Bonds and Series 2010 E Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 7. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 D Bonds and Series 2010 E Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2010 D Bonds and Series 2010 E 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 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2010 D Bonds and Series 2010 E Bonds under the Bond Legislation.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Morgantown, West Virginia, to serve as Depository Bank under the Bond Legislation.

Section 10. Series 2010 D Bonds proceeds in the amount of $566,383.00 shall be deposited in the Series 2010 D Bonds Reserve Account to fully fund the Series 2010 D Bonds Reserve Account.

Section 11. Series 2010 D Bonds proceeds in the amount of $6,081.00 shall be deposited in the Series 2010 E Bonds Reserve Account to fully fund the Series 2010 E Bonds Reserve Account.

Section 12. The balance of the proceeds of the Series 2010 D Bonds shall be deposited in or credited to the Series 2010 D Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 D Bonds and related costs.

Section 13. The balance of the proceeds of the Series 2010 E Bonds shall be deposited in or credited to the Series 2010 E Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 E Bonds and related costs.

Section 14. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2010 C Bonds hereby and by the Bond Legislation approved and provided for, to the end that the Series 2010 C

Bonds may be delivered on or about January 28, 2010, to the Authority pursuant to the ARRA Assistance Agreement.

Section 15. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2010 D Bonds and Series 2010 E Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

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

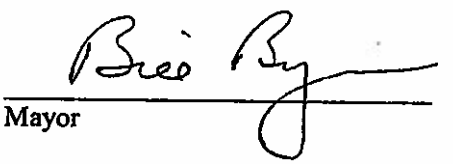
Section 17. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Legislation held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the respective Sinking Funds and the respective Reserve Accounts for the Series 2010 D Bonds and Series 2010 E Bonds, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 18. The Special Conditions of the ARRA Assistance Agreement attached as Exhibit B are hereby accepted and agreed to and incorporated herein

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 5th day of January, 2010.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 5th day of January, 2010.

Dated: January 28, 2010.

[SEAL]

Linda L. Lucas
Clerk

12.27.09
627490.00040

EXHIBIT A
Conformed Ordinance

EXHIBIT B

SPECIAL CONDITIONS – BASE PROGRAM

The Local Entity 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.

The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

The Local Entity shall include the following covenants in its bond authorizing documents:

A. PUBLIC RELEASE REQUIREMENT – The Local Entity 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 Entity 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 Entity.

C. BUY AMERICAN CERTIFICATION – The Local Entity shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Entity shall develop and implement an asset management plan in accordance with guidelines issued by BPH and as approved by BPH.

E. CONTRACTS – The Local Entity shall enter into contracts or commence construction by January 28, 2010.

F. LOGO – The Local Entity must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by BPH.

H. PURCHASING REQUIREMENTS – The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

J. REPORTING – The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by BPH.

K. INSPECTOR GENERAL REVIEWS – The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Entity.

L. FALSE CLAIMS – The Local Entity must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Entity acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United

States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond contain "(WVDWTRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Entity shall covenant that it will not reduce its approved customer rates for at least eighteen months after completion of the Project or (a) until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses or (b) new rates have been established by order of the Public Service Commission. The Local Entity shall notify the Authority and the BPH of any action to reduce rates during the eighteen months following completion of construction of the Project.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 D
(WEST VIRGINIA DWTRF PROGRAM)

No. DR-1 $9,317,286

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, 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 NINE MILLION THREEHUNDRED SEVENTEEN THOUSAND TWO HUNDRED EIGHTY SIX DOLLARS ($9,317,286), 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 December 1, 2012 to and including September 1, 2032 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 on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032, as set forth on EXHIBIT B attached hereto. The Series 2010 D Bonds are not subject to the Administrative Fee.

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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated January 28, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); (ii) to fund the reserve account for the Series 2010 D Bonds; (iii) fund the reserve account for the Series 2010 E Bonds; and (iv) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY

SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 D 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 2010 D Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 D 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 E Bonds, Series 2010 F Bonds and 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

SPECIMEN

By: _____
City Manager

SPECIMEN

ATTEST:

SPECIMEN

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 D 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: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$613,464	January 28, 2010	(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

BOND DEBT SERVICE
City of Morgantown
2% Interest Rate
20 Years

Dated Date 1/28/2010
Delivery Date 1/28/2010

Period Ending	Principal	Coupon	Interest	Debt Service
1/28/2010				
12/1/2012	95,009	2.000%	46,586.43	141,595.43
3/1/2013	95,484	2.000%	46,111.39	141,595.39
6/1/2013	95,961	2.000%	45,633.97	141,594.97
9/1/2013	96,441	2.000%	45,154.16	141,595.16
12/1/2013	96,923	2.000%	44,671.96	141,594.96
3/1/2014	97,408	2.000%	44,187.34	141,595.34
6/1/2014	97,895	2.000%	43,700.30	141,595.30
9/1/2014	98,384	2.000%	43,210.83	141,594.83
12/1/2014	98,876	2.000%	42,718.91	141,594.91
3/1/2015	99,371	2.000%	42,224.53	141,595.53
6/1/2015	99,867	2.000%	41,727.67	141,594.67
9/1/2015	100,367	2.000%	41,228.34	141,595.34
12/1/2015	100,869	2.000%	40,726.50	141,595.50
3/1/2016	101,373	2.000%	40,222.16	141,595.16
6/1/2016	101,880	2.000%	39,715.29	141,595.29
9/1/2016	102,389	2.000%	39,205.89	141,594.89
12/1/2016	102,901	2.000%	38,693.95	141,594.95
3/1/2017	103,416	2.000%	38,179.44	141,595.44
6/1/2017	103,933	2.000%	37,662.36	141,595.36
9/1/2017	104,452	2.000%	37,142.70	141,594.70
12/1/2017	104,975	2.000%	36,620.44	141,595.44
3/1/2018	105,500	2.000%	36,095.56	141,595.56
6/1/2018	106,027	2.000%	35,568.06	141,595.06
9/1/2018	106,557	2.000%	35,037.93	141,594.93
12/1/2018	107,090	2.000%	34,505.14	141,595.14
3/1/2019	107,625	2.000%	33,969.69	141,594.69
6/1/2019	108,164	2.000%	33,431.57	141,595.57
9/1/2019	108,704	2.000%	32,890.75	141,594.75
12/1/2019	109,248	2.000%	32,347.23	141,595.23
3/1/2020	109,794	2.000%	31,800.99	141,594.99
6/1/2020	110,343	2.000%	31,252.02	141,595.02
9/1/2020	110,895	2.000%	30,700.30	141,595.30
12/1/2020	111,449	2.000%	30,145.83	141,594.83
3/1/2021	112,007	2.000%	29,588.58	141,595.58
6/1/2021	112,567	2.000%	29,028.55	141,595.55
9/1/2021	113,129	2.000%	28,465.71	141,594.71
12/1/2021	113,695	2.000%	27,900.07	141,595.07
3/1/2022	114,264	2.000%	27,331.59	141,595.59
6/1/2022	114,835	2.000%	26,760.27	141,595.27
9/1/2022	115,409	2.000%	26,186.10	141,595.10
12/1/2022	115,986	2.000%	25,609.05	141,595.05
3/1/2023	116,566	2.000%	25,029.12	141,595.12
6/1/2023	117,149	2.000%	24,446.29	141,595.29
9/1/2023	117,735	2.000%	23,860.55	141,595.55

BOND DEBT SERVICE
City of Morgantown
2% Interest Rate
20 Years

Period Ending	Principal	Coupon	Interest	Debt Service
12/1/2023	118,323	2.000%	23,271.87	141,594.87
3/1/2024	118,915	2.000%	22,680.26	141,595.26
6/1/2024	119,509	2.000%	22,085.68	141,594.68
9/1/2024	120,107	2.000%	21,488.14	141,595.14
12/1/2024	120,708	2.000%	20,887.60	141,595.60
3/1/2025	121,311	2.000%	20,284.06	141,595.06
6/1/2025	121,918	2.000%	19,677.51	141,595.51
9/1/2025	122,527	2.000%	19,067.92	141,594.92
12/1/2025	123,140	2.000%	18,455.28	141,595.28
3/1/2026	123,756	2.000%	17,839.58	141,595.58
6/1/2026	124,374	2.000%	17,220.80	141,594.80
9/1/2026	124,996	2.000%	16,598.93	141,594.93
12/1/2026	125,621	2.000%	15,973.95	141,594.95
3/1/2027	126,249	2.000%	15,345.85	141,594.85
6/1/2027	126,880	2.000%	14,714.60	141,594.60
9/1/2027	127,515	2.000%	14,080.20	141,595.20
12/1/2027	128,152	2.000%	13,442.63	141,594.63
3/1/2028	128,793	2.000%	12,801.87	141,594.87
6/1/2028	129,437	2.000%	12,157.90	141,594.90
9/1/2028	130,084	2.000%	11,510.72	141,594.72
12/1/2028	130,735	2.000%	10,860.30	141,595.30
3/1/2029	131,388	2.000%	10,206.62	141,594.62
6/1/2029	132,045	2.000%	9,549.68	141,594.68
9/1/2029	132,706	2.000%	8,889.46	141,595.46
12/1/2029	133,369	2.000%	8,225.93	141,594.93
3/1/2030	134,036	2.000%	7,559.08	141,595.08
6/1/2030	134,706	2.000%	6,888.90	141,594.90
9/1/2030	135,380	2.000%	6,215.37	141,595.37
12/1/2030	136,057	2.000%	5,538.47	141,595.47
3/1/2031	136,737	2.000%	4,858.19	141,595.19
6/1/2031	137,421	2.000%	4,174.50	141,595.50
9/1/2031	138,108	2.000%	3,487.40	141,595.40
12/1/2031	138,798	2.000%	2,796.86	141,594.86
3/1/2032	139,492	2.000%	2,102.87	141,594.87
6/1/2032	140,190	2.000%	1,405.41	141,595.41
9/1/2032	140,891	2.000%	704.46	141,595.46
	9,317,286		2,010,324.36	11,327,610.36

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BOND, SERIES 2010 E
(WEST VIRGINIA DWTRF PROGRAM/ARRA)

No. ER-1 $100,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 28th day of January, 2010, 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 ONE HUNDRED THOUSAND DOLLARS ($100,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2012 to and including September 1, 2032 as set forth on EXHIBIT B attached hereto. The Series 2010 E Bonds are not subject to the Administrative Fee.

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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and between the Issuer and the Authority on behalf of the BPH, dated January 28, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13 C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on September 1, 2009, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on January 5, 2010 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); AND (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (8) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE 'SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE

ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); AND (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,250,000 (THE "SERIES 2010 F 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 Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2010 E 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 2010 E Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and Prior Bonds; provided, however, that so long as there exists in the Series 2010 E 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 Series~~ 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 F Bonds and 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.

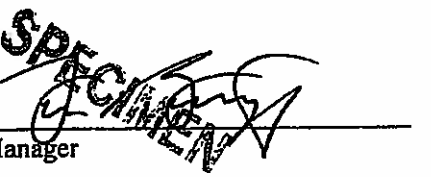
[Remainder of Page Intentionally Blank]

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]

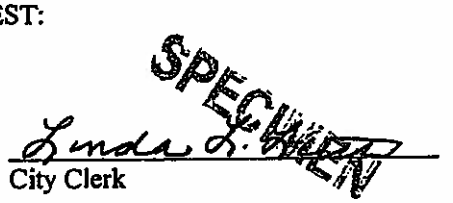
By:

Mayor

By: 

City Manager

ATTEST:

By: 

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 E 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: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: SPECIMEN
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $-0-	January 28, 2010	(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

BOND DEBT SERVICE
City of Morgantown
2% Interest Rate
20 Years

Dated Date	1/28/2010
Delivery Date	1/28/2010

Period Ending	Principal	Coupon	Interest	Debt Service
1/28/2010				
12/1/2012	1,020	2.000%	500.00	1,520.00
3/1/2013	1,025	2.000%	494.90	1,519.90
6/1/2013	1,030	2.000%	489.78	1,519.78
9/1/2013	1,035	2.000%	484.63	1,519.63
12/1/2013	1,040	2.000%	479.45	1,519.45
3/1/2014	1,045	2.000%	474.25	1,519.25
6/1/2014	1,051	2.000%	469.03	1,520.03
9/1/2014	1,056	2.000%	463.77	1,519.77
12/1/2014	1,061	2.000%	458.49	1,519.49
3/1/2015	1,067	2.000%	453.19	1,520.19
6/1/2015	1,072	2.000%	447.85	1,519.85
9/1/2015	1,077	2.000%	442.49	1,519.49
12/1/2015	1,083	2.000%	437.11	1,520.11
3/1/2016	1,088	2.000%	431.69	1,519.69
6/1/2016	1,093	2.000%	426.25	1,519.25
9/1/2016	1,099	2.000%	420.79	1,519.79
12/1/2016	1,104	2.000%	415.29	1,519.29
3/1/2017	1,110	2.000%	409.77	1,519.77
6/1/2017	1,116	2.000%	404.22	1,520.22
9/1/2017	1,121	2.000%	398.64	1,519.64
12/1/2017	1,127	2.000%	393.04	1,520.04
3/1/2018	1,132	2.000%	387.40	1,519.40
6/1/2018	1,138	2.000%	381.74	1,519.74
9/1/2018	1,144	2.000%	376.05	1,520.05
12/1/2018	1,149	2.000%	370.33	1,519.33
3/1/2019	1,155	2.000%	364.59	1,519.59
6/1/2019	1,161	2.000%	358.81	1,519.81
9/1/2019	1,167	2.000%	353.01	1,520.01
12/1/2019	1,173	2.000%	347.17	1,520.17
3/1/2020	1,178	2.000%	341.31	1,519.31
6/1/2020	1,184	2.000%	335.42	1,519.42
9/1/2020	1,190	2.000%	329.50	1,519.50
12/1/2020	1,196	2.000%	323.55	1,519.55
3/1/2021	1,202	2.000%	317.57	1,519.57
6/1/2021	1,208	2.000%	311.56	1,519.56
9/1/2021	1,214	2.000%	305.52	1,519.52
12/1/2021	1,220	2.000%	299.45	1,519.45
3/1/2022	1,226	2.000%	293.35	1,519.35
6/1/2022	1,232	2.000%	287.22	1,519.22
9/1/2022	1,239	2.000%	281.06	1,520.06
12/1/2022	1,245	2.000%	274.86	1,519.86
3/1/2023	1,251	2.000%	268.64	1,519.64
6/1/2023	1,257	2.000%	262.38	1,519.38
9/1/2023	1,264	2.000%	256.10	1,520.10

BOND DEBT SERVICE
City of Morgantown
2% Interest Rate
20 Years

Period Ending	Principal	Coupon	Interest	Debt Service
12/1/2023	1,270	2.000%	249.78	1,519.78
3/1/2024	1,276	2.000%	243.43	1,519.43
6/1/2024	1,283	2.000%	237.05	1,520.05
9/1/2024	1,289	2.000%	230.63	1,519.63
12/1/2024	1,296	2.000%	224.19	1,520.19
3/1/2025	1,302	2.000%	217.71	1,519.71
6/1/2025	1,309	2.000%	211.20	1,520.20
9/1/2025	1,315	2.000%	204.65	1,519.65
12/1/2025	1,322	2.000%	198.08	1,520.08
3/1/2026	1,328	2.000%	191.47	1,519.47
6/1/2026	1,335	2.000%	184.83	1,519.83
9/1/2026	1,342	2.000%	178.15	1,520.15
12/1/2026	1,348	2.000%	171.44	1,519.44
3/1/2027	1,355	2.000%	164.70	1,519.70
6/1/2027	1,362	2.000%	157.93	1,519.93
9/1/2027	1,369	2.000%	151.12	1,520.12
12/1/2027	1,375	2.000%	144.27	1,519.27
3/1/2028	1,382	2.000%	137.40	1,519.40
6/1/2028	1,389	2.000%	130.49	1,519.49
9/1/2028	1,396	2.000%	123.54	1,519.54
12/1/2028	1,403	2.000%	116.56	1,519.56
3/1/2029	1,410	2.000%	109.55	1,519.55
6/1/2029	1,417	2.000%	102.50	1,519.50
9/1/2029	1,424	2.000%	95.41	1,519.41
12/1/2029	1,431	2.000%	88.29	1,519.29
3/1/2030	1,439	2.000%	81.14	1,520.14
6/1/2030	1,446	2.000%	73.94	1,519.94
9/1/2030	1,453	2.000%	66.71	1,519.71
12/1/2030	1,460	2.000%	59.45	1,519.45
3/1/2031	1,468	2.000%	52.15	1,520.15
6/1/2031	1,475	2.000%	44.81	1,519.81
9/1/2031	1,482	2.000%	37.43	1,519.43
12/1/2031	1,490	2.000%	30.02	1,520.02
3/1/2032	1,497	2.000%	22.57	1,519.57
6/1/2032	1,505	2.000%	15.09	1,520.09
9/1/2032	1,512	2.000%	7.56	1,519.56
	100,000		21,576.46	121,576.46

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM); AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM)

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

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

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

Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds
Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds
	FORM OF SERIES 2012 A BOND
	FORM OF SERIES 2012 B BOND
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12	Filing of Amended Schedule

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank
Section 5.02	Establishment of Funds and Accounts with Commission
Section 5.03	System Revenues; Flow of Funds
Section 5.04	Reserve Account Letter of Credit or Surety Bond

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02	Disbursements From the Series 2012 Bond Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer
Section 7.02	Bonds not to be Indebtedness of the Issuer
Section 7.03	Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds
Section 7.04	Rates and Charges
Section 7.05	Sale of the System
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances

Section 7.07	Parity Bonds
Section 7.08	Books; Records and Audit
Section 7.09	Rates
Section 7.10	Operating Budget and Monthly Financial Report
Section 7.11	Engineering Services and Operating Personnel
Section 7.12	No Competing Franchise
Section 7.13	Enforcement of Collections
Section 7.14	No Free Services
Section 7.15	Insurance and Construction Bonds
Section 7.16	Mandatory Use
Section 7.17	Completion of Project; Permits and Orders
Section 7.18	Compliance with Loan Agreement and Law
Section 7.19	Reserved
Section 7.20	Securities Laws Compliance
Section 7.21	Contracts; Change Orders; Public Releases
Section 7.22	Statutory Mortgage Lien

ARTICLE VIII
INVESTMENT OF FUNDS

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

ARTICLE IX
DEFAULT AND REMEDIES

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation
Section 11.02	Bond Legislation Constitutes Contract
Section 11.03	Severability of Invalid Provisions

Section 11.04	Headings, Etc.
Section 11.05	Conflicting Provisions Repealed; Prior Ordinances
Section 11.06	Covenant of Due Procedure, Etc.
Section 11.07	Appointment
Section 11.08	Statutory Notice and Public Hearing
Section 11.09	Effective Date

SIGNATURES
CERTIFICATION
EXHIBIT A

CONFORMED BOND ORDINANCE

THE CITY OF MORGANTOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF 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 16, Article 13C 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, sewerage, and stormwater system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, and for the improvement of the water environment of the project area, that there be acquired and constructed certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer, consisting of additions and improvements to the City's public waterworks system, including extension of water distribution lines, and construction of a water storage tank, to serve Whispering Woods Subdivision and adjacent areas, other additions and improvements and all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks, sewerage, and stormwater 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 a portion of 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 Drinking Water Treatment Revolving Fund Program (the "DWTRF Program"), which the Authority administers pursuant to the Act on behalf of the West Virginia Bureau for Public Health.

D. It is deemed necessary for the Issuer to issue its Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than $1,100,000 (the "Series 2012 A Bonds") and Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than $1,600,000 (the "Series 2012 B Bonds"), to permanently finance a portion of 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 DWTRF Program; interest, if any, upon the Series 2012 A Bonds or Series 2012 B Bonds for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2012 A Bonds Reserve Account (as hereinafter defined) or amounts which may be used to purchase a surety bond to fund the Series 2012 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 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 2012 A Bonds or Series 2012 B 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 or the Board for any amounts expended by them for allowable costs prior to the issuance of the Series 2012 A Bonds or Series 2012 B

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 32 years.

F. It is in the best interests of the Issuer that its Series 2012 A Bonds and 2012 B Bonds be sold to the Authority pursuant to the terms and provisions of a Loan Agreement by and between the Issuer and the Authority on behalf of the West Virginia Bureau for Public Health (the "BPH"), 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 2012 A Bonds and Series 2012 B Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (1) Combined Utility 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 Utility 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 Utility 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"); (4) Combined Utility 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"); (5) Combined Utility 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"); (6) Combined Utility 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 "Series 2006 A Bonds"); (7) Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000 (the "Series 2007 A Bonds"); (8) Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000 (the "Series 2010 A Bonds"); (9) Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $81,600 (the "Series 2010 B Bonds"); (10) Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227 (the "Series 2010 C Bonds"); (11) Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286 (the "Series 2010 D Bonds"); (12) Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $100,000 (the "Series 2010 E Bonds"); and (13) Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), dated January 28, 2010, issued in the original aggregate amount of $7,250,000 (the "Series 2010 F Bonds"), (collectively, the "Prior Bonds").

II. Prior to the issuance of the Series 2012 A Bonds and Series 2012 B 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 Prior Bonds to the issuance of the Series 2012 A Bonds and Series 2012 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. 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, if any, on the Series 2012 A Bonds, Series 2012 B 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 2012 A Bonds and Series 2012 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 A Bonds and Series 2012 B Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 2012 A Bonds and Series 2012 B 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 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2012 A Bonds and

Series 2012 B Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH 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 2012 A Bonds, the Series 2012 B 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 2012 A Bonds and Series 2012 B Bonds for all or a portion of the proceeds of the Series 2012 A Bonds and Series 2012 B Bonds from the Authority and the BPH.

"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 DWTRF Regulations.

"Consulting Engineers" means 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.

"Cross Cutter Authorities" means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

"BPH" means the West Virginia Bureau for Public Health, or any other agency, board or department of the state that succeeds to the function of the BPH.

"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.

"DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund Program established by the State, administered by BPH and funded by capitalized grants awarded to the State pursuant to the Federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

"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.

"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 between the Issuer and the Authority on behalf of the BPH, providing for the purchase of the Series 2012 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 2012 A Bonds and Series 2012 B 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 2012 A Bonds and Series 2012 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" 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 DWTRF 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 of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by the Prior Ordinances and continued hereby.

"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 2012 A Bonds and Series 2012 B Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1992 Bonds, Series 1995 Bonds, Series 2000 A Bonds, Series 2000 B Bonds, Series 2001 A Bonds, Series 2006 A Bonds, Series 2007 A Bonds, Series 2010 A Bonds, Series 2010 B Bonds, Series 2010 C Bonds, Series 2010 D Bonds, Series 2010 E Bonds and Series 2010 F Bonds.

"Prior Ordinances" means, collectively, the ordinances authorizing the Prior Bonds.

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

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

"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 2012 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 2012 A Bonds.

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

"Series 1992 Bonds" means the Combined Utility 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 Utility 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 2000 A Bonds" means the Combined Utility 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 Utility 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 Utility 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 Utility System Revenue Bonds, Series 2006 A (West Virginia SRF Program), of the Issuer, dated June 30, 2006, issued in the original aggregate principal amount of $6,410,191.

"Series 2007 A Bonds" means the Combined Utility System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated August 14, 2007, issued in the original aggregate principal amount of $8,500,000.

"Series 2010 A Bonds" means the Taxable-Combined Utility System Revenue Bonds, Series 2010 A (Direct Payment Build America Bonds), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $37,950,000.

"Series 2010 B Bonds" means the Combined Utility System Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $81,600.

"Series 2010 C Bonds" means the Combined Utility System Revenue Bonds, Series 2010 C (West Virginia SRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $15,380,227.

"Series 2010 D Bonds" means the Combined Utility System Revenue Bonds, Series 2010 D (West Virginia DWTRF Program), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $9,317,286.

"Series 2010 E Bonds" means the Combined Utility System Revenue Bonds, Series 2010 E (West Virginia DWTRF Program/ARRA), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $100,000.

"Series 2010 F Bonds" means the Combined Utility System Revenue Bonds, Series 2010 F (Bank Qualified), of the Issuer, dated January 28, 2010, issued in the original aggregate principal amount of $7,250,000.

"Series 2012 A Bonds" means the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2012 Bonds" means, collectively, the Series 2012 A Bonds and the Series 2012 B Bonds.

"Series 2012 Bonds Construction Trust Fund" means the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2012 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2012 B Bonds" means the Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2012 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2012 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 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 2012 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, sewerage, and stormwater 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.

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

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 $2,822,728, 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 2012 A Bonds and Series 2012 B 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 BPH and the Authority.

The cost of the Project is estimated not to exceed $2,822,728, of which an amount not to exceed $1,100,000 will be obtained from the proceeds of the Series 2012 A Bonds; an amount of $1,600,000 will be obtained from the proceeds of the Series 2012 B Bonds and/or an Infrastructure Council grant; $92,000 will be obtained from a County Commission grant; and $30,728 will be obtained from The City of Morgantown.

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 2012 A Bonds and Series 2012 B Bonds, if any, funding respective reserve accounts or purchasing a surety bonds to fund respective reserve accounts for the Series 2012 A Bonds and Series 2012 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2012 A Bonds and Series 2012 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 2012 A Bonds and Series 2012 B Bonds of the Issuer.

The Series 2012 A Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program)," in the principal amount of not more than $1,100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 A Bonds remaining after purchasing a surety bond to fund the Series 2012 A Bonds Reserve Account or cash funding the Series 2012 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2012 Bonds Construction Trust Fund established by Section 5.01 hereof, and applied as set forth in Article VI hereof.

The Series 2012 B Bonds shall be issued as one series of bonds, designated as "Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program)," in the principal amount of not more than $1,600,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 B Bonds shall be deposited in or credited to the Series 2012 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.

A. The Series 2012 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 2012 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, if any, on the Series 2012 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.

As provided by the Supplemental Resolution, the Series 2012 A Bonds shall initially be issued as one series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2012 A Bonds. The Series 2012 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.

B. The Series 2012 B Bonds shall be issued in such principal amount; shall not bear interest; 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 2012 B Bonds shall be forgivable as to principal.

Unless otherwise provided by the Supplemental Resolution, the Series 2012 B 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, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

C. 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 2012 A Bonds and Series 2012 B 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 2012 A Bonds and Series 2012 B Bonds shall cease to be such officer of the Issuer before the Series 2012 A Bonds and Series 2012 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2012 A Bonds and Series 2012 B 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 2012 A Bonds and Series 2012 B Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2012 A Bonds and Series 2012 B Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2012 A Bonds and Series 2012 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2012 A Bonds and Series 2012 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2012 A Bonds and Series 2012 B Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2012 A Bonds and Series 2012 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the registered Series 2012 Bonds are exercised, all Series 2012 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2012 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 2012 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 Bonds or, in the case of any proposed redemption of Series 2012 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 2012 A Bonds or Series 2012 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2012 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 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 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 2012 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, if any, on the Series 2012 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 2012 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2012 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 2012 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 2012 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2012 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2012 A Bonds and Series 2012 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2012, 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, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing _____ 1, 20___ to and including _____ 1, 20____, at the rate of 2.0% per annum as set forth on EXHIBIT B attached hereto.

The Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, 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, if any, 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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in

compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2012.

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 water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on _____, 2012 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST

VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2012 B 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 Series 2012 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 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 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2012 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.

[Remainder of Page Intentionally 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 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: _____, 2012.

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: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2012 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2012, that 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 forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

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 Bureau for Public Health (the "BPH), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2012.

This Bond is issued (i) to pay a portion the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2012, and a Supplemental Resolution and Conformed Ordinance duly adopted by the Issuer on _____, 2012 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS");

(COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2012 A 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 Series 2012 A Bonds and the Prior Bonds, and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, 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, and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2012 A Bonds and Prior Bonds; provided, however, that so long as there exists in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2012 A Bonds and 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 this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE 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]

By: _____
Mayor

By: _____
City Manager

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

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 $_____

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2012 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 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 2012 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 (or continued if previously established by the Prior Ordinancies) 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 1992 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1992 Bonds Reserve Account (established by Prior Ordinances);

(3) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1995 Bonds Reserve Account (established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);

(7) Series 2000 B Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2000 B Bonds Reserve Account (established by Prior Ordinances);

(9) Series 2001 A Bonds Sinking Fund (established by Prior Ordinances);

(10) Series 2001 A Bonds Reserve Account (established by Prior Ordinances);

(11) Series 2006 A Bonds Sinking Fund (established by Prior Ordinances);

(12) Series 2006 A Bonds Reserve Account (established by Prior Ordinances);

(13) Series 2007 A Bonds Sinking Fund (established by Prior Ordinances);

(14) Series 2007 A Bonds Reserve Account (established by Prior Ordinances);

(15) Series 2010 A Bonds Sinking Fund (established by Prior Ordinances);

(16) Series 2010 A Bonds Reserve Account (established by Prior Ordinances);

(17) Series 2010 C Bonds Sinking Fund (established by Prior Ordinances);

(18) Series 2010 C Bonds Reserve Account (established by Prior Ordinances);

(19) Series 2010 D Bonds Sinking Fund (established by Prior Ordinances);

(20) Series 2010 D Bonds Reserve Account (established by Prior Ordinances);

(21) Series 2010 E Bonds Sinking Fund (established by Prior Ordinances);

(22) Series 2010 E Bonds Reserve Account (established by Prior Ordinances);

(23) Series 2010 F Bonds Sinking Fund (established by Prior Ordinances);

(24) Series 2010 F Bonds Reserve Account (established by Prior Ordinances);

(25) Series 2012 A Bonds Sinking Fund; and

(26) Series 2012 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 4 months prior to the first date of payment of interest on the Series 2012 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2012 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 2012 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 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 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 2012 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 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds or otherwise provided for pursuant to a surety bond, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 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 2012 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 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2012 A Bonds, as the same shall become due. Moneys in the Series 2012 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2012 A Bonds, as the same shall come due, when other moneys in the Series 2012 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2012 A Bonds Sinking Fund and the Series 2012 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 2012 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 2012 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 A Bonds Reserve Account which results in a reduction in the balance therein to below the Series 2012 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 2012 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 2012 A Bonds Sinking Fund or the Series 2012 A Bonds Reserve Account, when the aggregate

amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 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 2012 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 2012 A Bonds Sinking Fund and the Series 2012 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. 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 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 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 2012 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 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 2012 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2012 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 2012 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 2012 Bonds, the following

amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission in the Series 2012 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 2012 A Bonds, the Issuer may purchase a surety bond to fund the Series 2012 A Bonds Reserve Account as set forth in the Supplemental Resolution, or there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2012 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2012 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 2012 A Bonds.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2012 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2012 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 2012 B Bonds.

E. 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 2012 Bonds shall be expended as approved by the BPH.

Section 6.02. Disbursements From the Series 2012 Bond Construction Trust Fund. The Issuer hereby appoints and designates the Board, and the Authorized Officers thereof, as its agent for the review and approval of all invoices for the Project to be paid from the proceeds of the Series 2012 Bonds.

On or before the Closing Date, the Issuer shall have delivered to the BPH a report listing the specific purposes for which the proceeds of the Series 2012 Bonds will be expended. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of the Series 2012 Bonds shall be made only after submission to and approval from the BPH, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer stating that:

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

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

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

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

Pending such application, monies in the Series 2012 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 2012 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 2012 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 2012 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 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 2012 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The Series 2012 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 2012 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 and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. 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 June 21, 2011, the sewer rate ordinance of the Issuer enacted June 21, 2011, and the stormwater rate ordinance of the Issuer enacted April 17, 2008, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 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 2012 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 2012 Bonds are outstanding and except as otherwise required by law or with the written consent of the BPH 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 immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the BPH 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 2012 A Bonds and the Prior Bonds pro rata with respect to the principal amount of each of then Outstanding. Any balance remaining after the payment of the Series 2012 A Bonds and the Prior 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 2012 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 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 2012 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 2012 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2012 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority 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 2012 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH 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 2012 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 any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 2012 A Bonds and Series 2012 B 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 2012 A Bonds and Series 2012 B 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 BPH, 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 BPH 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 BPH, 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 BPH, or any other original purchaser of the Series 2012 A Bonds and Series 2012 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2012 A Bonds and Series 2012 B Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 2012 A Bonds and Series 2012 B Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2012 A Bonds and Series 2012 B Bonds. Such audit report submitted to the Authority 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 BPH 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 BPH, 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 BPH, 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 BPH with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2012 A Bonds and Series 2012 B 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 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the Series 2012 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2012 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2012 A Bonds or Series

2012 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 A Bonds and Series 2012 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate 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 BPH 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, which finding 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. 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 BPH 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 BPH 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 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 BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH 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 BPH 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 BPH 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 DWTRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DWTRF 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 BPH 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 DWTRF Regulations, to the BPH 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 BPH in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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 stormwater portion of the System and any services and facilities of the waterworks portion of the System, to all users of the services of the stormwater system delinquent in payment of charges for the services of the stormwater system and will not restore

such services of either the waterworks system or the stormwater system until all delinquent charges for the services of the stormwater system, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer shall use diligent efforts to enter into a termination agreement with the provider of such water services, subject to any required approval of such agreements by the Public Service Commission of West Virginia.

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 the Board, 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 2012 A Bonds or Series 2012 B 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 BPH. 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 Use. The mandatory use of the stormwater 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. Accordingly, to the extent permitted by the laws of the State and the rules and

regulations of the Public Service Commission of West Virginia, every owner, tenant or occupant of any real property located near the stormwater portion of the System, and where stormwater from real property affects or drains into the stormwater portion of the System, shall be deemed to be a user served by the stormwater portion of the System and it is declared that the mandatory use of the stormwater portion of the System by such real property owner is necessary and essential for the health and welfare of the inhabitants and residents of the Issuer and the State. To the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, every such owner, tenant or occupant shall, after a 30-day notice of the availability of the stormwater portion of the System, pay the rates and charges established therefor.

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 BPH necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2012 A Bonds or Series 2012 B Bonds required by state law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Compliance with Loan Agreement and Law. The Loan Agreement attached hereto as Exhibit A is incorporated herein in its entirety. 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 BPH with copies of all documents submitted to the Authority.

The Issuer and the Board shall also comply with all applicable federal and state statutes, rules, regulations, the applicable Cross Cutter Authorities and all applicable local ordinances issued by the Authority, the BPH 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.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the PSC.

Section 7.19. Reserved.

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; Change Orders; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2012 A Bonds or Series 2012 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2012 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 BPH before expending any proceeds of the Series 2012 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 BPH 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 2012 A Bonds or Series 2012 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2012 A Bonds or Series 2012 B Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the

Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2012 A Bonds or Series 2012 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2012 A Bonds or Series 2012 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2012 A Bonds or Series 2012 B Bonds as a condition to issuance of the Series 2012 A Bonds or Series 2012 B Bonds.

In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2012 A Bonds or Series 2012 B Bonds as may be necessary in order to maintain the status of the Series 2012 A Bonds or Series 2012 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2012 A Bonds or Series 2012 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the BPH, as the case may be, from which the proceeds of the Series 2012 A Bonds or Series 2012 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2012 A Bonds or Series 2012 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 A Bonds or Series 2012 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Series 2012 A Bonds or Series 2012 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2012 A Bonds or Series 2012 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 A Bonds or Series 2012 B Bonds and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; 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 2012 A Bonds or Series 2012 B 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 2012 A Bonds or Series 2012 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of 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 2012 A Bonds or Series 2012 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2012 A Bonds or Series 2012 B 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 2012 A Bonds or Series 2012 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 A Bonds or Series 2012 B Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2012 A Bonds or Series 2012 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2012 A Bonds or Series 2012 B 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 2012 A Bonds or Series 2012 B Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Series 2012 A Bonds or Series 2012 B Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the

invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2012 A Bonds or Series 2012 B Bonds.

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

Section 11.05. 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 PLLC, Charleston, West Virginia, as bond counsel to the Issuer and the Board in connection with the issuance by the Issuer of the Series 2012 A Bonds or Series 2012 B Bonds.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *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 2012 A Bonds or Series 2012 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Left Blank]

Section 11.09. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading:	December 6, 2011
Passed on Second Reading:	December 20, 2011
Passed on Final Reading Following Public Hearing:	January 3, 2012

By: _____
Mayor

ATTEST:

By: _____
City Clerk

APPROVED AND CORRECT AS TO FORM:

By: _____
City Solicitor

627490.00043

6005542

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of THE CITY OF MORGANTOWN on the 3rd day of January, 2012.

Dated: August 24, 2012.

[SEAL]

Linda L. Kuhn
City Clerk

6005542

THE CITY OF MORGANTOWN

Combined Utility System Revenue Bonds, Series 2012 A
(West Virginia DWTRF Program); and
Combined Utility System Revenue Bonds, Series 2012 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION AUTHORIZING THE REPEAL OF ORDINANCE 11-26; PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM) OF THE CITY OF MORGANTOWN; APPROVING AND RATIFYING THE 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.

WHEREAS, the City council (the "Governing Body") of The City of Morgantown (the "Issuer" or "Governmental Agency") has duly and officially adopted and enacted a bond ordinance, effective January 3, 2012 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS, SEWERAGE AND STORMWATER 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 $1,100,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES

2012 B (WEST VIRGINIA DWTRF 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, The Issuer has heretofore passed Ordinance No. 11-26 on July 5, 2011, among other things authorizing Bonds to finance the Project and due to a revised funding scenario, desire to repeal Ordinance No. 11-26.

WHEREAS, the Issuer desires to amend the Bond Ordinance through this Supplemental Resolution (collectively, the "Bond Legislation")

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program) and Combined Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2012 A Bonds" and the "Series 2012 B Bonds"), in the respective aggregate principal amounts not to exceed $1,100,000 and $1,600,000 and has authorized the execution and delivery of a Loan Agreement relating to the Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); 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 Series 2012 A Bonds and Series 2012 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Series 2012 A Bonds and Series 2012 B Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2012 A Bonds and Series 2012 B Bonds be herein provided for;

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

Section 1. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 2. 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 Utility System Revenue Bonds, Series 2012 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered AR-1, in the original aggregate principal amount of $570,000, of the Issuer (the "Series 2012 A Bonds). The Series 2012 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2044 and shall bear interest at the rate of 0.5% per annum. The principal of the Series 2012 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014 to and including March 1, 2044 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2012 A Bonds and incorporated in and made a part of the Series 2012 A Bonds. The interest of the Series 2012 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014, to and including March 1, 2044 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement for the Series 2012 A Bonds and incorporated in and made a part of the Series 2012 A Bonds. The Series 2012 A Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, 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 2012 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 0.5% of the principal amount of the Series 2012 A Bonds set forth in the Schedule Y attached to the Loan Agreement.

Section 3. 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 Utility System Revenue Bonds, Series 2012 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single bond, numbered BR-1, in the original aggregate principal amount of $444,835. The Series 2012 B Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven. The Series 2012 B Bonds 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 BPH, and otherwise in compliance with the Loan Agreement. The Series 2012 B Bonds are not subject to an Administrative Fee.

Section 4. All other provisions relating to the Series 2012 A Bonds and Series 2012 B Bonds and the text of each series of the Series 2012 A Bonds and Series 2012 B Bonds shall be in substantially the forms provided in the Bond Legislation.

Section 5. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH and the Authority. The price of the Series 2012 A Bonds and Series 2012 B Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2012 A Bonds and Series 2012 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 6. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2012 A Bonds and Series 2012 B Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement

to be dated the date of delivery of the Series 2012 A Bonds and Series 2012 B 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 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2012 Bonds under the Bond Legislation.

Section 8. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia, to serve as Depository Bank under the Bond Legislation.

Section 9. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Reserve Account to fully fund the Series 2012 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2012 A Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 A Bonds and related costs.

Section 11. The proceeds of the Series 2012 B Bonds shall be deposited in or credited to the Series 2012 Bonds Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2012 B Bonds and related costs.

Section 12. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2012 Bonds hereby and by the Bond Legislation approved and provided for, to the end that the Series 2012 Bonds may be delivered on or about August 24, 2012, to the Authority pursuant to the Loan Agreement.

Section 13. The Morgantown Utility Board General Manager is hereby authorized to review and approve draw resolutions for the payment of invoices for the Project.

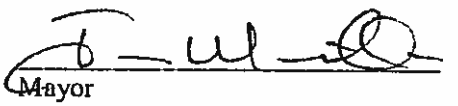
Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2012 A Bonds and Series 2012 B Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 16. Repeal Ordinance No. 1460;. The Issuer hereby repeals in its entirety Ordinance No. 11-26 adopted on July 5, 2011.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7th day of August, 2012.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Morgantown on the 7th day of August, 2012.

Dated: August 24, 2012.

[SEAL]

Linda L. Kuhn
Clerk

627490.00043

EXHIBIT A

CONFORMED BOND ORDINANCE

(see Tab 1)

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $570,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 24th day of August, 2012, 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 FIVE HUNDRED THOUSAND DOLLARS ($570,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, the principal of, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014, to and including March 1, 2044 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2014 to and including March 1, 2044, at the rate of 0.5% per annum as set forth on EXHIBIT B attached hereto.

The Administrative Fee of 0.5% (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014, 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, if any, 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 Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated August 24, 2012.

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 water portion of the existing public

combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on January 3, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on August 7, 2012 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE

"SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 B (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $444,835 (THE "SERIES 2012 B 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 Series 2012 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2012 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 2012 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided, however, that so long as there exists in the Series 2012 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.

[Remainder of Page Intentionally 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

Mayor

SPECIMEN

City Manager

ATTEST:

SPECIMEN

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 24, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

By: _____
Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $28,000	08/24/2012	(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

Net Debt Service
City of Morgantown
DWTRF
$570,000
0.5% Interest Rate
0.5% Administrative Fee
30 Years

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
6/1/2014	4,406	0.500%	712.50	5,118.50	368.12	511.83	5,998.45
9/1/2014	4,411	0.500%	706.99	5,117.99	368.12	511.83	5,997.94
12/1/2014	4,417	0.500%	701.48	5,118.48	368.12	511.83	5,998.43
3/1/2015	4,422	0.500%	695.96	5,117.96	368.12	511.83	5,997.91
6/1/2015	4,428	0.500%	690.43	5,118.43	368.12	511.83	5,998.38
9/1/2015	4,433	0.500%	684.90	5,117.90	368.12	511.83	5,997.85
12/1/2015	4,439	0.500%	679.35	5,118.35	368.12	511.83	5,998.30
3/1/2016	4,444	0.500%	673.81	5,117.81	368.12	511.83	5,997.76
6/1/2016	4,450	0.500%	668.25	5,118.25	368.12	511.83	5,998.20
9/1/2016	4,455	0.500%	662.69	5,117.69	368.12	511.83	5,997.64
12/1/2016	4,461	0.500%	657.12	5,118.12	368.12	511.83	5,998.07
3/1/2017	4,467	0.500%	651.54	5,118.54	368.12	511.83	5,998.49
6/1/2017	4,472	0.500%	645.96	5,117.96	368.12	511.83	5,997.91
9/1/2017	4,478	0.500%	640.37	5,118.37	368.12	511.82	5,998.31
12/1/2017	4,483	0.500%	634.77	5,117.77	368.12	511.82	5,997.71
3/1/2018	4,489	0.500%	629.17	5,118.17	368.12	511.82	5,998.11
6/1/2018	4,495	0.500%	623.56	5,118.56	368.12	511.82	5,998.50
9/1/2018	4,500	0.500%	617.94	5,117.94	368.12	511.82	5,997.88
12/1/2018	4,506	0.500%	612.31	5,118.31	368.12	511.82	5,998.25
3/1/2019	4,511	0.500%	606.68	5,117.68	368.12	511.82	5,997.62
6/1/2019	4,517	0.500%	601.04	5,118.04	368.12	511.82	5,997.98
9/1/2019	4,523	0.500%	595.40	5,118.40	368.12	511.82	5,998.34
12/1/2019	4,528	0.500%	589.74	5,117.74	368.12	511.82	5,997.68
3/1/2020	4,534	0.500%	584.08	5,118.08	368.12	511.82	5,998.02
6/1/2020	4,540	0.500%	578.41	5,118.41	368.12	511.82	5,998.35
9/1/2020	4,545	0.500%	572.74	5,117.74	368.12	511.82	5,997.68
12/1/2020	4,551	0.500%	567.06	5,118.06	368.12	511.82	5,998.00
3/1/2021	4,557	0.500%	561.37	5,118.37	368.12	511.82	5,998.31
6/1/2021	4,562	0.500%	555.67	5,117.67	368.12	511.82	5,997.61
9/1/2021	4,568	0.500%	549.97	5,117.97	368.12	511.82	5,997.91
12/1/2021	4,574	0.500%	544.26	5,118.26	368.12	511.82	5,998.20
3/1/2022	4,580	0.500%	538.54	5,118.54	368.12	511.82	5,998.48
6/1/2022	4,585	0.500%	532.82	5,117.82	368.12	511.82	5,997.76
9/1/2022	4,591	0.500%	527.09	5,118.09	368.12	511.82	5,998.03
12/1/2022	4,597	0.500%	521.35	5,118.35	368.12	511.82	5,998.29
3/1/2023	4,603	0.500%	515.60	5,118.60	368.12	511.82	5,998.54
6/1/2023	4,608	0.500%	509.85	5,117.85	368.12	511.82	5,997.79
9/1/2023	4,614	0.500%	504.09	5,118.09	368.12	511.82	5,998.03
12/1/2023	4,620	0.500%	498.32	5,118.32	368.12	511.82	5,998.26
3/1/2024	4,626	0.500%	492.55	5,118.55	368.12	511.82	5,998.49
6/1/2024	4,631	0.500%	486.76	5,117.76	368.12		5,485.88
9/1/2024	4,637	0.500%	480.97	5,117.97	368.12		5,486.09
12/1/2024	4,643	0.500%	475.18	5,118.18	368.12		5,486.30
3/1/2025	4,649	0.500%	469.37	5,118.37	368.12		5,486.49
6/1/2025	4,655	0.500%	463.56	5,118.56	368.12		5,486.68
9/1/2025	4,660	0.500%	457.74	5,117.74	368.12		5,485.86

Net Debt Service
City of Morgantown
DWTRF
$570,000
0.5% Interest Rate
0.5% Administrative Fee
30 Years

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
12/1/2025	4,666	0.500%	451.92	5,117.92	368.12		5,486.04
3/1/2026	4,672	0.500%	446.09	5,118.09	368.12		5,486.21
6/1/2026	4,678	0.500%	440.25	5,118.25	368.12		5,486.37
9/1/2026	4,684	0.500%	434.40	5,118.40	368.12		5,486.52
12/1/2026	4,690	0.500%	428.54	5,118.54	368.12		5,486.66
3/1/2027	4,695	0.500%	422.68	5,117.68	368.12		5,485.80
6/1/2027	4,701	0.500%	416.81	5,117.81	368.12		5,485.93
9/1/2027	4,707	0.500%	410.94	5,117.94	368.12		5,486.06
12/1/2027	4,713	0.500%	405.05	5,118.05	368.12		5,486.17
3/1/2028	4,719	0.500%	399.16	5,118.16	368.12		5,486.28
6/1/2028	4,725	0.500%	393.26	5,118.26	368.12		5,486.38
9/1/2028	4,731	0.500%	387.36	5,118.36	368.12		5,486.48
12/1/2028	4,737	0.500%	381.44	5,118.44	368.12		5,486.56
3/1/2029	4,743	0.500%	375.52	5,118.52	368.12		5,486.64
6/1/2029	4,749	0.500%	369.59	5,118.59	368.12		5,486.71
9/1/2029	4,754	0.500%	363.66	5,117.66	368.12		5,485.78
12/1/2029	4,760	0.500%	357.71	5,117.71	368.12		5,485.83
3/1/2030	4,766	0.500%	351.76	5,117.76	368.12		5,485.88
6/1/2030	4,772	0.500%	345.81	5,117.81	368.12		5,485.93
9/1/2030	4,778	0.500%	339.84	5,117.84	368.12		5,485.96
12/1/2030	4,784	0.500%	333.87	5,117.87	368.12		5,485.99
3/1/2031	4,790	0.500%	327.89	5,117.89	368.12		5,486.01
6/1/2031	4,796	0.500%	321.90	5,117.90	368.12		5,486.02
9/1/2031	4,802	0.500%	315.91	5,117.91	368.12		5,486.03
12/1/2031	4,808	0.500%	309.90	5,117.90	368.12		5,486.02
3/1/2032	4,814	0.500%	303.89	5,117.89	368.12		5,486.01
6/1/2032	4,820	0.500%	297.88	5,117.88	368.12		5,486.00
9/1/2032	4,826	0.500%	291.85	5,117.85	368.12		5,485.97
12/1/2032	4,832	0.500%	285.82	5,117.82	368.12		5,485.94
3/1/2033	4,838	0.500%	279.78	5,117.78	368.12		5,485.90
6/1/2033	4,844	0.500%	273.73	5,117.73	368.12		5,485.85
9/1/2033	4,850	0.500%	267.68	5,117.68	368.12		5,485.80
12/1/2033	4,857	0.500%	261.61	5,118.61	368.12		5,486.73
3/1/2034	4,863	0.500%	255.54	5,118.54	368.12		5,486.66
6/1/2034	4,869	0.500%	249.46	5,118.46	368.12		5,486.58
9/1/2034	4,875	0.500%	243.38	5,118.38	368.12		5,486.50
12/1/2034	4,881	0.500%	237.28	5,118.28	368.12		5,486.40
3/1/2035	4,887	0.500%	231.18	5,118.18	368.12		5,486.30
6/1/2035	4,893	0.500%	225.07	5,118.07	368.12		5,486.19
9/1/2035	4,899	0.500%	218.96	5,117.96	368.12		5,486.08
12/1/2035	4,905	0.500%	212.83	5,117.83	368.12		5,485.95
3/1/2036	4,911	0.500%	206.70	5,117.70	368.12		5,485.82
6/1/2036	4,918	0.500%	200.56	5,118.56	368.12		5,486.68
9/1/2036	4,924	0.500%	194.42	5,118.42	368.12		5,486.54
12/1/2036	4,930	0.500%	188.26	5,118.26	368.12		5,486.38
3/1/2037	4,936	0.500%	182.10	5,118.10	368.12		5,486.22

Net Debt Service
City of Morgantown
DWTRF
$570,000
0.5% Interest Rate
0.5% Administrative Fee
30 Years

Date	Principal	Coupon	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
6/1/2037	4,942	0.500%	175.93	5,117.93	368.12		5,486.05
9/1/2037	4,948	0.500%	169.75	5,117.75	368.12		5,485.87
12/1/2037	4,955	0.500%	163.57	5,118.57	368.12		5,486.69
3/1/2038	4,961	0.500%	157.37	5,118.37	368.12		5,486.49
6/1/2038	4,967	0.500%	151.17	5,118.17	368.12		5,486.29
9/1/2038	4,973	0.500%	144.96	5,117.96	368.12		5,486.08
12/1/2038	4,979	0.500%	138.75	5,117.75	368.12		5,485.87
3/1/2039	4,986	0.500%	132.52	5,118.52	368.12		5,486.64
6/1/2039	4,992	0.500%	126.29	5,118.29	368.12		5,486.41
9/1/2039	4,998	0.500%	120.05	5,118.05	368.12		5,486.17
12/1/2039	5,004	0.500%	113.80	5,117.80	368.12		5,485.92
3/1/2040	5,011	0.500%	107.55	5,118.55	368.12		5,486.67
6/1/2040	5,017	0.500%	101.28	5,118.28	368.12		5,486.40
9/1/2040	5,023	0.500%	95.01	5,118.01	368.12		5,486.13
12/1/2040	5,029	0.500%	88.73	5,117.73	368.12		5,485.85
3/1/2041	5,036	0.500%	82.45	5,118.45	368.12		5,486.57
6/1/2041	5,042	0.500%	76.15	5,118.15	368.12		5,486.27
9/1/2041	5,048	0.500%	69.85	5,117.85	368.12		5,485.97
12/1/2041	5,055	0.500%	63.54	5,118.54	368.12		5,486.66
3/1/2042	5,061	0.500%	57.22	5,118.22	368.12		5,486.34
6/1/2042	5,067	0.500%	50.90	5,117.90	368.12		5,486.02
9/1/2042	5,074	0.500%	44.56	5,118.56	368.12		5,486.68
12/1/2042	5,080	0.500%	38.22	5,118.22	368.12		5,486.34
3/1/2043	5,086	0.500%	31.87	5,117.87	368.12		5,485.99
6/1/2043	5,093	0.500%	25.51	5,118.51	368.12		5,486.63
9/1/2043	5,099	0.500%	19.15	5,118.15	368.12		5,486.27
12/1/2043	5,105	0.500%	12.77	5,117.77	368.12		5,485.89
3/1/2044	5,112	0.500%	6.39	5,118.39	368.12		5,486.51
	570,000		44,173.86	614,173.86	44,174.40	20,472.93	678,821.19

Notes:

Estimated Monthly Net Debt Service Payments rounded up to the nearest cent:

$1,999.52 March 1, 2014 through February 1, 2024 (based on maximum quarterly payment of $5,998.54)

$1,828.91 March 1, 2024 through February 1, 2044 (based on maximum quarterly payment of $5,486.73)

Admin Fee calculated based on 1% of bond value computed quarterly paid in equal quarterly payments rounded up to the nearest cent.

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF MORGANTOWN
COMBINED UTILITYSYSTEM REVENUE BONDS, SERIES 2012 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $444,835

KNOW ALL MEN BY THESE PRESENTS: The 24th day of August, 2012, that 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 FOUR HUNDRED FORTY-FOUR THOUSAND EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS ($444,835), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2012 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2012 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2012 B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

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 Bureau for Public Health (the "BPH), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated August 24, 2012.

This Bond is issued (i) to pay a portion the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks, sewerage, and stormwater system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks, sewerage, and stormwater 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 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on January 3, 2012, and a Supplemental Resolution and Conformed Bond Ordinance duly adopted by the Issuer on August 7, 2012 (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 UTILITY 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 UTILITY 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 UTILITY 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"); (4) COMBINED UTILITY 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"); (5) COMBINED UTILITY 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"); (6) COMBINED UTILITY 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 "SERIES 2006 A BONDS"); (7) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 14, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,500,000 (THE "SERIES 2007 A BONDS"); (8) TAXABLE-COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 A (DIRECT PAYMENT BUILD AMERICA BONDS), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $37,950,000 (THE "SERIES 2010 A BONDS"); (9) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $81,600 (THE "SERIES 2010 B BONDS"); (10) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 C (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $15,380,227 (THE "SERIES 2010 C BONDS"); (11) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 D (WEST VIRGINIA DWTRF PROGRAM), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,317,286 (THE "SERIES 2010 D BONDS"); (12) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 E (WEST VIRGINIA DWTRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $100,000 (THE "SERIES 2010 E BONDS"); (13) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2010 F (BANK QUALIFIED), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE AMOUNT OF $7,250,000 (THE "SERIES 2010 F BONDS"); (COLLECTIVELY, THE "PRIOR BONDS"); AND (14) COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA DWTRF PROGRAM), DATED AUGUST 24, 2012, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $570,000 (THE "SERIES 2012 A 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 Series 2012 A Bonds and the Prior Bonds, and

unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, 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, and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2012 A Bonds and Prior Bonds; provided, however, that so long as there exists in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2012 A Bonds and 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 this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE 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 2012 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 24, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$-0-	08/24/2012	(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 $_____

(Form of)

ASSIGNMENT

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

_____

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

Dated: _____, 20____.

_____

In the presence of:

_____