City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds,
Series 2002 A

Date of Closing: December 18, 2002

JACKSONKELLY
ATTORNEYS AT LAW PLLC

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
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State of West Virginia

Certificate

I, Joe Manchin, III, 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, AND CHAPTER 8, ARTICLE 20, OF THE 2002 CUMULATIVE SUPPLEMENT TO 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

December 11, 2002

Secretary of State

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 [§ 8-16-1 et seq.] of this chapter. (1961, c. 104; 1969, c. 86; 1978, c. 72; 1990, c. 141.)

§ 8-19-20. 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. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86; 1990, c. 141.)

§ 8-19-21. Specifications for water mains and water service pipes.

Considering the importance of public fire protection, any state or local government, public service district, public or private utility which installs, constructs, maintains, or upgrades water mains, shall ensure that all new mains specifically intended to provide fire protection are supplied by mains which are not less than six inches in diameter. A permit or other written approval shall be obtained from the department of health and human resources for each hydrant or group of hydrants installed in compliance with section nine [§ 16-1-9], article one, chapter sixteen of the West Virginia code as amended: Provided, That all newly constructed water distribution systems transferred to a public or private utility shall have mains at least six inches in diameter where fire flows are desired or required by the public or private utility: Provided, however, That the utility providing service has sufficient hydraulic capacity as determined by the department of health and human resources. (1994, c. 31.)

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

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8-20-16. Grants, loans and advances.
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Part V. Operation by Board; Construction.

8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.
8-20-19. Article to be liberally construed.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Legislative intent. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

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, convenient 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. (1939, c. 98, §§ 1, 2; 1947, c. 112; 1955, c. 131; 1969, c. 86.)

Eminent domain. — Municipalities that operate sewer systems may exercise the power of eminent domain. When such a municipality is obliged to exercise that power in furtherance of its public responsibility, but refuses to do so, the public service commission may require the exercise of the power by appropriate order. Broadmoor/Timberline Apts. v. Public Serv. Comm'n, 180 W. Va. 387, 376 S.E.2d 593 (1988).

Plant expansion or repair. — Considering the general grant of authority provided by § 8-12-5(32) there is no language in this article that would prevent a municipality from granting funds to its combined waterworks and sewerage system to be used for plant expansion or repair. What this section does say, however, is that if the municipality wishes to finance any of the activities governed by the article, it must do so by revenue bonds or by loans or advances under § 8-20-16. Op. Att'y Gen., April 3, 1979.

§ 8-20-1a. 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. (1976, c. 83.)

§ 8-20-1b. Severance of combined system.

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 sever said combined waterworks and sewerage system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined waterworks and sewerage system into a separate waterworks system and a separate sewerage system.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage 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 (ii) 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 waterworks and sewerage 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 such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law. (1986, c. 118.)

Part II. Right of Eminent Domain.

§ 8-20-2. Right of eminent domain; limitations.

For the purpose of acquiring, constructing, establishing or extending any waterworks system or any sewerage system, or a combined waterworks and sewerage system, or for the purpose of constructing any additions, betterments or improvements to any such waterworks or sewerage system, or a combined

waterworks and sewerage system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or sewerage system, or combined waterworks and sewerage system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four [§ 54-1-1 et seq.] of this code: Provided, That such right of eminent domain for the acquisition of a complete privately owned waterworks system shall 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 said municipality a municipal waterworks system or a combined waterworks and sewerage system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks system or combined waterworks and sewerage system in such municipality or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission. (1947, c. 112; 1969, c. 86.)

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 waterworks and sewerage system any existing waterworks system or any existing sewerage system, or both, such ordinance shall provide that it or they be so included in such combined system and shall describe in a general way such existing waterworks or sewerage system or both to be included in the combined waterworks and sewerage system. Such 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. Such ordinance shall determine the period of usefulness of the contemplated project. If it is intended to acquire, construct, establish and equip a combined waterworks and sewerage system or any part thereof, or to construct extensions, additions, betterments and improvements to either the waterworks system or the sewerage system of said combined waterworks and sewerage system, or both, 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. Such ordinance shall fix the amount of revenue bonds proposed to be issued, the interest rate or rates, and any other details in connection with such bonds deemed advisable. Such 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. (1939, c. 98, § 4; 1947, c. 112; 1949, c. 91; 1969, c. 86.)

§ 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 [§ 59-3-1 et seq.], 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. (1939, c. 98, § 5; 1947, c. 112; 1967, c. 105; 1969, c. 86; 1971, c. 103; 1981, 1st Ex. Sess., c. 2.)

§ 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 such waterworks or sewerage system, or a combined waterworks and sewerage system, and for the purpose of paying the cost of constructing any extensions, additions, betterments or improvements to either the waterworks or sewerage system of said combined waterworks and sewerage system, or both, 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. Such bonds may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such 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 such 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 such 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 such bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes. Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with said combined waterworks or sewerage system, and all the moneys, revenues and other income of such municipality derived from such combined waterworks and sewerage system shall be exempt from all taxation by this State or any county, municipality, political subdivision or agency thereof. Such bonds may be sold in such manner as the governing body shall determine. If any such 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 of such municipality of the proceeds of such bonds shall 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 waterworks and sewerage system for refunding purposes, the proceeds of such 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 such 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 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. Such bonds shall have all the qualities of negotiable instruments under the laws of this State.

Whenever a waterworks and sewerage system is included in a combined waterworks and sewerage 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 such waterworks or such sewerage system 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 included in a combined waterworks and sewerage 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 waterworks and sewerage 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 waterworks and sewerage 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 such bond shall be stamped with a legend to the effect that the same has been refunded pursuant to the provisions of this article. (1939, c. 98, § 3; 1947, c. 112; 1957, c. 123; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 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 waterworks and sewerage system, and such bonds shall 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 such 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 deemed necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued. (1939, c. 98, § 6; 1969, c. 86.)

§ 8-20-7. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon such combined waterworks and sewerage 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 waterworks and sewerage system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

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 [§ 8-20-5] hereof. Any revenue bonds so issued in payment for such 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, such remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86.)

§ 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 such municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds or the revenues derived from said combined waterworks and sewerage system may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depository for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such combined waterworks and sewerage 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 such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such rates or charges for the use of the services and facilities of the combined waterworks and sewerage 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 waterworks and sewerage system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the combined waterworks and sewerage 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 waterworks and sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such combined waterworks and sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such combined waterworks and sewerage system, between bonds payable from such 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 such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such combined waterworks and sewerage system and restrictions and limitations

upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such combined waterworks and sewerage 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 such ordinance or trust indenture may also contain such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such 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 such 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. (1955, c. 131; 1969, c. 86.)

§ 8-20-9. Operating contract.

Any such 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 said combined waterworks and sewerage system, or any part thereof, or (2) the collection and disbursement of the income and revenues thereof, or for both (1) and (2), for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons. Any such municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality as long as any of said bonds, or interest thereon, is outstanding and unpaid. (1955, c. 131; 1969, c. 86.)

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates or charges; change in rates or charges; failure to cure delinquency; delinquent rates 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) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and

enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined waterworks and sewerage system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure and the sewerage harmless insofar as it is reasonably possible so to do, and any such municipality shall have plenary power and authority to charge the users for the use and service of such combined waterworks and sewerage system and to establish rates or charges for such purpose. Separate rates or charges may be fixed for the water and sewer services respectively or combined rates or charges for the combined water and sewer services. Such rates or charges, whether separate or combined, shall be sufficient at all times to pay the cost of repair, maintenance and operation of the combined waterworks and sewerage system, provide an adequate reserve fund and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates and charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law until such time as all such rates and charges are fully paid.

(c) All rates or charges for water service and sewer 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, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for such services rendered plus court fees and costs and a reasonable attorney's fee: Provided, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor shall any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of such 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 the bringing and maintenance of an action in magistrate court for the 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 the bringing and maintenance of a civil action for such purpose brought 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 had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of such action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140.)

§ 8-20-11. Discontinuance of water service for nonpayment of rates or charges.

Any such 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 said combined waterworks and sewerage system for the nonpayment of the rates or charges for said water service or sewer service, or both. (1955, c. 133; 1969, c. 86.)

§ 8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined waterworks and sewerage 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 such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage 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 as and when 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 such 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. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118.)

§ 8-20-13. System of accounts; audit.

Any municipality operating a combined waterworks and sewerage 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 such combined water-

works and sewerage system and the application of the same. At least once each year such municipality shall cause such accounts to be properly audited, and a report of such audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86.)

§ 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 [county commission] 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. (1957, c. 127; 1969, c. 86.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. IX, § 9.

§ 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 [§ 8-20-7] 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 such 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 or charges for services rendered by the combined waterworks and sewerage system. If there be default in the payment of the principal of or interest upon any of such bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said combined waterworks and sewerage system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates 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 such receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which such bonds have been issued or trust indenture, or both. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86.)

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 waterworks and sewerage 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 waterworks and sewerage 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 such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 106; 1969, c. 86; 1981, lst Ex. Sess., c. 2; 1986, c. 118.)

§ 8-20-17. Additional and alternative method for constructing, etc., and financing combined waterworks and sewerage 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 waterworks and sewerage 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 such 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 such 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.

This article is cumulative authority for any undertaking herein authorized, and does not repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1994, c. 61.)

PART V. OPERATION BY BOARD; CONSTRUCTION.

§ 8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.

(a) As an alternative to the procedure hereinabove provided, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a combined waterworks and sewerage 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 such 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 [§ 8-16-1 et seq.] of this chapter.

(b) In the event that the waterworks or sewerage system or both are in existence prior to the creation of the combined waterworks and sewerage system, and the waterworks or sewerage system or both 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 waterworks and sewerage system, the governing body may by ordinance, after the creation of the combined waterworks and sewerage system, provide (1) the manner of and procedure for transferring such supervision and control from each such separate committee, board or commission to the committee, board or commission which is supervising and controlling the combined waterworks and sewerage system, or (2) the manner of and procedure for combining each such separate committee, board or commission into one committee, board or commission and transferring thereto such supervision and control as aforesaid. (1961, c. 104; 1969, c. 86.)

§ 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. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86.)

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§ 8-18-23. Authority to require discontinuance of water service by provider utility for nonpayment of sewer service rates and charges; lien for delinquent service rates and charges; failure to cure delinquency; civil actions; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

Code of State Rules References. — Rules and regulations for the government of gas utilities and gas pipeline safety, 150 CSR 4, effective July 21, 1996.

Rules and regulations for the government of sewer utilities, 150 CSR 5, effective January 2, 1996.

ARTICLE 20.

COMBINED SYSTEMS.

Part I. Combined Waterworks and Sewerage Systems Authorized; Definitions.

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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.

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "Systems" for "Waterworks and Sewerage Systems" in the article heading.

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.

Stated in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

§ 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 municipality 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. (1976, c. 83; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, rewrote the section.

§ 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. (1986, c. 118; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, rewrote the section.

§ 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. (2001, c. 212.)

Effective dates. — Acts 2001, c. 212, provided that the act take effect July 13, 2001.

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 [§§ 54-1-1 et seq.] 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. (1947, c. 112; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks" preceding "system", substituted "within a combined system" for "or any sewerage" in the first sentence; deleted "waterworks and sewerage" following "combined" throughout; substituted "system within a combined" for "such waterworks or sewerage"; substituted "may not" for "shall not" in the first proviso; inserted "except in the case of a stormwater system" in the first proviso; added the second proviso at the end of the section; and made other, minor changes.

Applied in Cincinnati Ins. Co. v. Mills, 208 W. Va. 723, 542 S.E.2d 886 (W. Va. 2000).

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. (1939, c. 98, § 4; 1947, c. 112; 1949, c. 91; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; inserted "or if applicable... all of them" following "system, or both" throughout; in the third paragraph, substituted "the bonds considered advisable" for "such bonds deemed advisable"; and made other, minor changes.

§ 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. (1939, c. 98, § 3; 1947, c. 112; 1957, c. 123; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; in the first sentence, substituted "system within a combined" for "such waterworks or sewerage", substituted "any of the systems" for "either the waterworks or sewerage system", substituted "all of them" for "both"; transferred last sentences of paragraph one dealing with the selling of bonds to paragraphs two, three, four, and five, thereby transferring former paragraphs three, four, and five to present paragraphs six, seven, and eight accordingly; inserted "or stormwater system, if applicable" following "sewerage system" throughout; and made other, minor changes.

§ 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. (1939, c. 98, § 6; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system", substituted "the" for "such" throughout, substituted "may not" for "shall not", and substituted "considered" for "deemed".

§ 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 [§ 8-20-5] 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. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; added the last sentence in the first paragraph; deleted "such" preceding "an existing" in the second paragraph, and deleted "such" preceding "remedies and rights" in the second paragraph.

§ 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. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; substituted "considered" for "deemed" throughout; in the final paragraph,substituted "under the provisions of this article" for "hereinunder" following "bonds issued", and made other, minor changes.

§ 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. (1955, c. 131; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "such" preceding "municipality" throughout, substituted "The" for "the" following "(1)", substituted "the" for "such" throughout, substituted "the" for "said" preceding "combined", deleted "waterworks and sewerage" preceding "system", deleted "such" preceding "terms", and substituted "the" for "said" in the last sentence.

§ 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates, fees or charges; change in rates, fees or charges; failure to cure delinquency; delinquent rates, 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) The governing body of any municipality availing itself of the provisions of this article shall have plenary power and authority to make, enact and enforce all needful rules and regulations for the repair, maintenance and operation and management of the combined system of such municipality and for the use thereof, and shall also have plenary power and authority to make, enact and enforce all needful rules and regulations and ordinances for the care and protection of any such system, which may be conducive to the preservation of the public health, comfort and convenience and to rendering the water supply of such municipality pure, the sewerage harmless insofar as it is reasonably possible so to do, and if applicable properly collecting and controlling the stormwater as is reasonably possible so to do: Provided, That no municipality may make, enact or enforce any rule, regulation or ordinance regulating any highways, road or drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways except in accordance with chapter twenty-nine-a [§§ 29A-1-1 et seq.] of this code.

Any municipality shall have plenary power and authority to charge the users for the use and service of combined system and to establish rates, fees or charges for such purpose. Separate 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 charges for the combined water and sewer services, and, if applicable, the stormwater services. Such 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 and adequate depreciation fund and pay the principal of and interest upon all revenue bonds issued under this article. Rates, fees or charges shall be established, revised and maintained by ordinance and become payable as the governing body may determine by ordinance, and such rates, fees or charges shall be changed from time to time as needful, consistent with the provisions of this article.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the user shall be held liable at law 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, and the municipality shall have plenary power and authority from time to time to enforce such lien in a civil action to recover the money due for services rendered plus court fees and costs and a reasonable attorney's fee: 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 the bringing and maintenance of an action in magistrate court for the 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 the bringing and maintenance of a civil action for the purpose brought 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 had exhausted all other remedies for the collection of debts with respect to such delinquencies prior to the bringing of the action. In no event shall foreclosure procedures be instituted by any municipality or on its behalf unless the delinquency had been in existence or continued for a period of two years from the date of the first delinquency for which foreclosure is being sought. (1939, c. 98, § 7; 1947, c. 112; 1969, c. 86; 1989, c. 133; 1990, c. 140; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, inserted "fees" following "rates" throughout, substituted "the" for "such" throughout; deleted "waterworks and sewerage" preceding "system" throughout; in (a), substituted "if applicable... possible to do so:" for "any such", added the proviso, in the second paragraph, deleted "such" preceding "combined", inserted "and,... services" following "respectively" and "sewer services"; in (b), deleted "such" preceding "rates"; in (c), inserted "and,... service" following "sewer service", deleted "such" preceding "services rendered"; and in (e), deleted "such" preceding "delinquency".

Municipalities not granted authority to limit, modify or eliminate tort liability. — A municipal ordinance that is enacted pursuant to the power granted municipalities in this section to operate and maintain sewer systems that purports to limit, modify or eliminate tort liabilities and immunities related to such a sewer system in a fashion that conflicts with the general law of the state, is unenforceable and void, to the extent of such conflict. Calabrese v. City of Charleston, 515 S.E.2d 814 (W. Va. 1999).

§ 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. (1955, c. 133; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "such" before "municipality", substituted "the" for "said" preceding "combined", deleted "waterworks and sewerage" preceding "system", inserted "fees" following "rates", and added "or, if applicable... all of them" to the end of the sentence.

§ 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. (2001, c. 212.)

Effective dates. — Acts 2001, c. 212, provided that the act take effect July 13, 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. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" before "system" throughout, substituted "the" for "such" throughout, and deleted "as and when" following "amounts" in the third sentence.

§ 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. (1939, c. 98, § 10; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout and substituted "the" for "such" throughout.

§ 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 [§ 8-20-7] 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. (1939, c. 98, § 8; 1947, c. 112; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout, substituted "the" for "such" throughout, inserted "fees" following "rates" throughout; in the first paragraph, deleted "such" preceding "ordinance"; and in the second paragraph, deleted "such" preceding "bonds".

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. (1961, c. 106; 1969, c. 86; 1981, lst Ex. Sess., c. 2; 1986, c. 118; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "systems" throughout, substituted "the" for "such" throughout; in the first paragraph, deleted "such" preceding "loans"; and in the second paragraph, deleted "such" preceding "loan".

§ 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. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "systems" throughout, deleted "such" preceding "undertaking" throughout, and added the proviso.

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 [§§ 8-16-1 et seq.] 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. (1961, c. 104; 1969, c. 86; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, deleted "waterworks and sewerage" preceding "system" throughout; in (a), deleted "hereinabove" following "procedure", inserted "in this article" following "provided", substituted "the" for "such" preceding "governing body"; added the second paragraph; in (b), inserted "or if applicable, stormwater services" following "or both", inserted "and if applicable, stormwater services" following "or both", designated new subsections (b)(1) and (b)(2); in (b)(1), deleted "such" preceding "supervision"; in (b)(2), deleted "such" preceding "separate" and "supervision", and made other, minor changes.

ARTICLE 22.

RETIREMENT BENEFITS GENERALLY; POLICEMEN'S PENSION AND RELIEF FUND; FIREMEN'S PENSION AND RELIEF FUND; PENSION PLANS FOR EMPLOYEES OF WATERWORKS SYSTEM, SEWERAGE SYSTEM OR COMBINED WATERWORKS AND SEWERAGE SYSTEM.

Part III. Policemen's Pension and Relief Fund; Firemen's Pension and Relief Fund.

Sec.
8-22-20. Minimum standards for actuarial soundness.
8-22-20a. Hiring of actuary; preparation of actuarial valuations.

PART II. GENERAL RETIREMENT SYSTEMS FOR CLASS I, II AND III CITIES.

§ 8-22-3. Definitions.

ALR references. — What constitutes "salary," "wages," "pay," or the like, within pension law basing benefits thereon, 91 ALR5th 225.

State of West Virginia

Certificate

I, Joe Manchin, III, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 13, ARTICLE 2E, 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

December 11, 2002

Secretary of State

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 13-2D-16. Severability.

If any section, clause, provision or portion of this article shall be held to be invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect any other section, clause or provision of this article which is not in and of itself unconstitutional. (1967, c. 157.)

§ 13-2D-17. Public officials exempt from personal liability.

No official or member of a county court shall be personally liable on any contract or obligation executed pursuant to the authority herein contained, nor shall the issuance of bonds hereunder be considered as misfeasance in office. (1967, c. 157.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 13-2D-18. Prohibition of financial interest of public officials.

No member of a county court issuing revenue bonds under the provisions of this article shall have any financial interest, directly or indirectly, in an airport acquired or constructed pursuant to this article. (1967, c. 157.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

ARTICLE 2E.

REVENUE BOND REFUNDING ACT.

Sec.
13-2E-1. How article cited.
13-2E-2. Definitions.
13-2E-3. Authority to refund.
13-2E-4. Terms, form and execution of refunding bonds.
13-2E-5. Issuance of refunding bonds; application of proceeds.
13-2E-6. Determination of governing body to be conclusive.
13-2E-7. Authorization for issuance.
13-2E-8. Authority for escrow agreement.
13-2E-9. Call of revenue bonds for redemption.
13-2E-10. Security provisions.
13-2E-11. Bonds payable solely from revenues of enterprise.
13-2E-12. Tax exemption; exceptions.
13-2E-13. Validity of bonds.
13-2E-14. Article complete authority for refunding bonds; effect on other laws; liberal construction.
13-2E-15. Severability.

§ 13-2E-1. How article cited.

This article may be cited as "Revenue Bond Refunding Act." (1969, c. 12.)

§ 13-2E-2. Definitions.

The following terms or words, wherever used or referred to in this article, shall have the following meaning, unless a different meaning plainly appears from the context:

The term "public body" means any city, town, village, county, public service district, sanitary district, political subdivision or any other similar public entity now or hereafter created, and the state of West Virginia acting through any of its agencies, boards, commissions or departments, having power to issue revenue bonds.

The term "governing body" means a board, council or other body having power to borrow money on behalf of a public body.

The term "law" means any act or statutes, general, special or local, of this state, including, without being limited to, the charter of any public body.

The term "enterprise" means any work, undertaking, or project which the public body is or may hereafter be authorized to acquire or construct and from which the public body has heretofore derived or may hereafter derive revenues, for the refinancing of which enterprise refunding bonds are issued under this article, and such enterprise shall include all improvements, betterments, extensions and replacements thereto, and all appurtenances, facilities, lands, rights in land, water rights, franchises, and structures in connection therewith or incidental thereto; and for the purposes of this article "enterprise" includes the waterworks system or the sewerage system, or both said systems, resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b [§ 8-20-1b] article twenty, chapter eight of this code, all as the governing body shall authorize in the ordinance authorizing said severance.

The term "revenues" means all fees, tolls, rates, rentals and charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the public body from the operation of any enterprise or arising from any enterprise, and including earnings derived from investments and bank deposits.

The term "revenue bonds" means notes, bonds, certificates or other obligations of a public body heretofore or hereafter issued and outstanding under any law and which by their terms are payable from the revenues derived by such public body from the operation of an enterprise.

The term "refunding bonds" means notes, bonds, certificates or other obligations of a public body issued pursuant to this article.

The term "holder of bonds" or "bondholder" or any similar term means any person who shall be the bearer of any outstanding refunding bond or refunding bonds registered to bearer or not registered, or the registered owner of any such outstanding refunding bond or refunding bonds which shall at the time be registered other than to bearer.

The words "net interest cost" when referring to an outstanding issue of revenue bonds to be refunded, means the total amount of interest which would accrue on such revenue bonds from the date of the refunding bonds to the respective maturity dates of the outstanding revenue bonds to be refunded, without regard to any retained options of redemption.

The words "net interest cost" when referring to a proposed issue of refunding bonds, means the total amount of interest to accrue on the refunding bonds from their date to their respective maturities, without regard to any retained options of redemption, plus the amount of any discount below par or less the amount of any premium above par at which the bonds may be sold.

The words "net effective interest rate" when referring to a proposed issue of refunding bonds, means the net interest cost of said refunding bonds divided by the product obtained by multiplying the aggregate principal amount of such refunding bonds maturing on each maturity date by the number of years from the date of the refunding bonds to their respective maturities, without regard to any retained options of redemption.

The term "certified public accountant" means an independent certified public accountant or firm of certified public accountants licensed to practice in this state.

Words importing the singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. (1969, c. 12; 1986, c. 118.)

§ 13-2E-3. Authority to refund.

Any public body may issue refunding bonds for the purpose of refunding all or any part of its revenue bonds now or hereafter outstanding, whether or not such revenue bonds are at the time of the refunding due or optional for redemption, under the circumstances and restrictions set forth in this article. Refunding bonds shall be payable from revenues derived from the same enterprise as the revenue bonds to be refunded except where the public body has outstanding revenue bonds payable from the revenues of an enterprise and is authorized under any other law to combine and consolidate such enterprise with another enterprise and issue revenue bonds payable from the revenues of the combined and consolidated enterprises. An issue of refunding bonds may refund part or all of one or more issues of outstanding revenue bonds: Provided, That part or all of two or more issues of outstanding revenue bonds may not be refunded under this article unless either (a) all of the issues of outstanding revenue bonds to be refunded are payable from revenues derived from the same enterprise, or (b) the public body is authorized under any other law to combine or consolidate the enterprises in question and issue revenue bonds payable from the revenues of the combined or consolidated enterprises.

Refunding bonds may be issued hereunder whenever the governing body of the public body deems it expedient and, notwithstanding any provision in this article to the contrary, may be issued as part of a series of revenue bonds issued for the purpose, in addition to such refunding, of financing the acquisition or construction of improvements, betterments, extensions or replacements to the particular enterprise, as provided by other articles of this Code. (1969, c. 12; 1981, 1st Ex. Sess., c. 2.)

§ 13-2E-4. Terms, form and execution of refunding bonds.

Refunding bonds authorized under this article may be issued in one or more series; may bear such date or dates; may mature at such time or times, not

exceeding the period of usefulness of the enterprise, as determined by the governing body in its discretion, not exceeding forty years from their respective dates; may bear interest at such rate or rates; may be in such denomination or denominations; may be in such form either coupon or registered; may carry such 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 such terms of redemption, with or without a premium; may be declared or become due before the maturity date; 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 such other terms and covenants, as may be determined by the governing body in the proceedings authorizing the refunding bonds. Notwithstanding the form or tenor thereof, and in the absence of an express recital on the face thereof that the bond is nonnegotiable, all refunding bonds shall at all times be, and shall be treated as, negotiable instruments for all purposes. (1969, c. 12; 1981, 1st Ex. Sess., c. 2.)

§ 13-2E-5. Issuance of refunding bonds; application of proceeds.

Refunding bonds issued under this article may be exchanged for not less than a like principal amount of the revenue bonds to be refunded, or may be sold at public or private sale, or may be exchanged in part and sold in part, in such manner and upon such terms as may be determined by the governing body to be for the best interests of the public body: Provided, That such refunding bonds shall not be sold or exchanged at a price lower than a price which will show a net saving to the issuer after deducting all expenses of the refunding: Provided, however, That if the governing body determines that one of the purposes of issuing such refunding bonds is to effect the release, termination or modification of liens, restrictions, conditions or limitations imposed in connection with the bonds which are to be refunded, then such refunding bonds may be issued without the necessity of showing a net saving to the issuer, in which event such refunding bonds shall bear interest at such rate or rates as the governing body may determine, but such rate or rates shall not exceed the maximum stated rate of interest which the revenue bonds to be refunded thereby could bear if they were being issued as of the date of issuance of such refunding bonds, and such refunding bonds may not be sold or exchanged at a price which would result in a net interest cost in excess of the maximum net interest cost which the revenue bonds to be refunded could be sold or exchanged for if they were being issued as of the date of issuance of such refunding bonds.

If any such refunding bonds are to be sold, they may be issued in such principal amount as may be determined advisable by the governing body including, without limitation, the aggregate principal amount of the revenue bonds to be refunded, interest accrued and to accrue to the date or dates on which the revenue bonds being refunded are scheduled to mature or to be redeemed prior to maturity, any redemption premiums which must be paid in

order to refund such outstanding revenue bonds and any costs and expenses of issuing the refunding bonds and providing for retirement of revenue bonds to be refunded. If sold, the net proceeds shall either be immediately applied to the payment or redemption and retirement of the revenue bonds to be refunded, or the net proceeds of the refunding bonds may be invested at the discretion and under the supervision of the escrow agent in whole, or in part, (a) in direct obligations issued by the United States of America or one of its agencies, (b) in obligations unconditionally guaranteed by the United States of America as to principal and interest, or (c) in certificates of deposit of a banking corporation or association which is a member of the federal deposit insurance corporation, or successor; but any such certificates of deposit must be fully secured as to both principal and interest by pledged collateral consisting of direct obligations of or obligations guaranteed by the United States of America having a market value, excluding accrued interest, at all times at least equal to the amount of the principal of an accrued interest on such certificates of deposit. Any such investments must mature, or be payable in advance of maturity at the option of the holder, and must bear interest in such manner as to provide funds which, together with uninvested money placed in the hereinafter mentioned escrow, will be sufficient to pay when due or called for redemption the revenue bonds refunded, together with interest accrued and to accrue thereon and redemption premiums, if any, and such refunding bond proceeds or obligations so purchased therewith shall, and with other funds legally available to the public body for such purpose may, be deposited in escrow with the West Virginia municipal bond commission or 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, to be selected by the issuer to be held in trust for the payment and redemption of the revenue bonds refunded, and such money and obligations and any reinvestment thereof shall be held in trust by such escrow agent for the payment of interest on the refunded bonds when due, and principal thereof and applicable redemption premiums, if any, when due, or upon the date or dates for which they shall have been called for redemption, or upon an earlier voluntary surrender at the option of the escrow agent; provided if interest earned by any investment in such escrow is shown to be in excess of the amounts required from time to time for the payment of interest on and principal of the refunded revenue bonds, including applicable redemption premium, then such excess may be withdrawn from escrow and disbursed by the public body as are other revenues of the enterprise. Any moneys in the sinking or reserve funds or other funds maintained for the outstanding revenue bonds to be refunded may be applied in the same manner and for the same purpose as are the net proceeds of refunding bonds or may be deposited in the special fund or any reserve funds established for account of the refunding bonds. The term "net proceeds" as used above shall mean the gross proceeds of the refunding bonds after the deduction therefrom of all accrued interest, costs and expenses incurred in connection with the authorization and issuance of the refunding bonds and the retirement of the outstanding revenue bonds, and including all costs and expenses resulting from price variations to par or otherwise incurred in the purchase of obligations for escrow and in the disposition of the refunding bonds. (1969, c. 12; 1973, c. 115; 1986, c. 118.)

§ 13-2E-6. Determination of governing body to be conclusive.

The determination by the governing body of any public body issuing refunding bonds under this article that the limitations herein imposed upon the issuance of refunding bonds have been met, shall be conclusive: Provided, however, That such public body shall have obtained from an independent certified public accountant a certification that the amount of saving stated to be achieved by the refunding shall in fact be served, based upon his review, comparison and analysis of the net interest cost in dollars of the refunding bonds and the net interest cost in dollars of the bonds to be refunded. (1969, c. 12.)

§ 13-2E-7. Authorization for issuance.

Refunding bonds and all acts required to be authorized hereunder shall be authorized in the manner in which the bonds to be refunded were authorized and issued: Provided, That refunding bonds of a system resulting from the severance of a combined municipal waterworks and sewerage system shall to the extent applicable be authorized and issued under the terms and provisions of law, including, but not limited to, interest rates and net interest costs, under which revenue bonds of such resulting system would be authorized and issued. (1969, c. 12; 1986, c. 118.)

§ 13-2E-8. Authority for escrow agreement.

The governing body of any public body shall have power to enter into such escrow agreements and to insert therein such protective and other covenants and provisions as it may consider necessary to permit the carrying out of the provisions of this article and to insure the prompt payment of principal of and interest and redemption premiums on the revenue bonds refunded. (1969, c. 12.)

§ 13-2E-9. Call of revenue bonds for redemption.

Where any revenue bonds to be refunded are not to be surrendered for exchange or payment and are not to be paid at maturity with escrowed obligations, but are to be paid from such source prior to maturity pursuant to call for redemption exercised under a right of redemption reserved in such revenue bonds, the governing body of the public body shall, prior to the issuance of the refunding bonds, determine which redemption date or dates shall be used, call such revenue bonds for redemption and provide for the giving of the notice of redemption required by the proceedings authorizing such revenue bonds. Where such notice is to be given at a time subsequent to the issuance of the refunding bonds, the necessary notices may be deposited with the state sinking fund commission or the bank acting as escrow agent of the refunding bond proceeds and the escrow agent appropriately instructed and authorized to give the required notices at the prescribed time or times. If any

officer of the public body signing any such notice shall no longer be in office at the time of the utilization of the notice, the notice shall nevertheless be valid and effective for its intended purpose. (1969, c. 12.)

§ 13-2E-10. Security provisions.

Refunding bonds shall be special obligations of the public body and shall be payable solely from and secured by a lien upon the gross revenues or net revenues of the enterprise, as shall be more fully described in the ordinance or resolution authorizing the issuance of refunding bonds, and the ordinance or resolution authorizing such refunding bonds shall provide for a special fund into which there shall be pledged a fixed amount or a fixed proportion of such revenues which shall be sufficient to pay the principal of and interest on the refunding bonds as the same become due.

In order to assure payment of the principal and interest on any refunding bonds it shall be the duty of the governing body of the public body to establish, levy, maintain and collect such fees, tolls, rentals, rates and other charges for the services of such enterprise as shall be necessary to produce revenues sufficient, after making due and reasonable allowance for contingencies and for a margin of error in estimates, to pay at all times principal of and interest on the refunding bonds as the same become due, to pay current expenses of operation and maintenance, to provide for depreciation, to provide for reserves for any of the foregoing, to comply in all respects with any contract or agreement with bondholders set forth in the ordinance or resolution authorizing such refunding bonds, and to meet any other obligations of the public body which by their terms are charges, liens, or encumbrances upon the revenues of such enterprise.

The ordinance or resolution authorizing any refunding bonds may contain such covenants with the holders of the refunding bonds as to the efficient management and operation of the enterprise; the collection, keeping and disposition of the revenues of the enterprise; the issuance of additional refunding bonds or revenue bonds; the carrying of insurance on such enterprise and the disposition of insurance proceeds; the keeping of books and records and the auditing thereof; the inspection by bondholders at reasonable times of the enterprise and the records, accounts and data of the public body relating thereto; limitations upon the sale or other disposition of integral parts of the enterprise; the discontinuance of the services and facilities of the enterprise upon failure to pay for such services and facilities; the appointment and duties of a trustee; the rights, liabilities, powers and duties arising upon the breach by the public body of any covenants, conditions or obligations contained in the ordinance or resolution authorizing the issuance of such refunding bonds; remedies of bondholders upon default in the payment of the principal of or interest on any refunding bonds, including the appointment by a court of competent jurisdiction of a receiver for the operation and management of the enterprise and the collection and disbursement of the revenues thereof, but such receiver or any court having jurisdiction in the matter shall not be permitted to sell, mortgage or otherwise dispose of any assets of the

enterprise and useful in its operation or cause any of such assets to be sold, mortgaged or otherwise disposed of; and any other conditions, acts or pertinent matters as may be deemed necessary or proper by the governing body of the public body to assure efficient operation of the enterprise, payment of the refunding bonds and marketability of the refunding bonds upon favorable terms. Any agreement or covenant contained in the ordinance or resolution authorizing such refunding bonds shall constitute a contract with the holders of such refunding bonds.

All refunding bonds of the same issue shall be equally and ratably secured, without priority by reason of number, date or time of sale, execution or delivery, by a lien upon the revenues of the enterprise in accordance with the provisions of this section and the ordinance or resolution authorizing the issuance of such refunding bonds.

Nothing in this section or in any other section of this article shall be deemed in any way to alter the terms of any agreements made with the holders of any outstanding revenue bonds of the public body, or to authorize the public body to alter the terms of any such agreements, or to impair, or authorize the public body to impair, the rights and remedies of any creditors of the public body.

Nothing in this section or in any other section of this article shall be deemed in any way to authorize any public body to do anything in any manner or for any purpose which would result in the creation or incurring of a debt or indebtedness or the issuance of any instrument which would constitute a bond or debt within the meaning of any provision, limitation, or restriction of the Constitution relating to the creation or incurring of a debt or indebtedness or the issuance of an instrument constituting a bond or a debt. (1969, c. 12.)

§ 13-2E-11. Bonds payable solely from revenues of enterprise.

No recourse shall be had for the payment of the refunding bonds, or interest thereon, or any part thereof, against the general fund of any public body, nor shall the credit or taxing power of any public body be deemed to be pledged thereto.

The refunding bonds, and interest thereon, shall not be a debt of the public body, nor a charge, lien or encumbrance, legal or equitable, upon any property of the public body, nor upon any income, receipts, or revenues of the public body other than such of the revenues of the enterprise as shall have been pledged to the payment thereof, and every refunding bond shall recite in substance that said bond, including interest thereon, is payable solely from the revenues pledged to the payment thereof and that the public body is under no obligation to pay the same, except from said revenues. (1969, c. 12.)

§ 13-2E-12. Tax exemption; exceptions.

The refunding bonds and the income therefrom shall be exempt from taxation, except inheritance, estate and transfer taxes. (1969, c. 12.)

§ 13-2E-13. Validity of bonds.

Refunding bonds bearing the signatures of officers of the public body in office on the date of the signing thereof shall be valid and binding obligations of the public body for all purposes, notwithstanding that before the delivery thereof any or all the persons whose signatures appear thereon shall have ceased to be officers of the public body, the same as if such persons had continued to be officers of the public body until after the delivery thereof. The ordinance or resolution authorizing any refunding bonds may provide that such refunding bond may contain a recital that such refunding bond is issued pursuant to this article, and any refunding bond containing such recital under authority of any such ordinance or resolution shall be conclusively deemed to be valid and to have been issued in conformity with the provisions of this article.

Where any refunding bonds have been heretofore authorized by any public body which would have been valid under and in compliance with the provisions of this article had this article been in existence at the time of the authorization of such refunding bonds, such refunding bonds if heretofore issued, and if not yet issued then such refunding bonds when they shall have been issued, and the proceedings authorizing their issuance, are hereby validated, ratified and confirmed and declared to be binding and enforceable obligations in accordance with their terms. (1969, c. 12.)

§ 13-2E-14. Article complete authority for refunding bonds; effect on other laws; liberal construction.

This article constitutes full and complete authority for the issuance of refunding bonds. No procedure or proceedings, publications, notices, consents, approvals, orders, acts or things by any governing body of any public body, or any board, officer, commission, department, agency, or instrumentality of the State or any public body shall be required to issue any refunding bonds or to do any act or perform anything under this article, except as may be prescribed in this article. The powers conferred by this article shall be in addition and supplemental to, and not in substitution for, and the limitations imposed by this article shall not affect, the powers conferred by any other law. This article is remedial in nature and shall be liberally construed. (1969, c. 12.)

§ 13-2E-15. Severability.

If any one or more provisions of this article or the applicability thereof to any persons or circumstances are ever held by a final decision of a court of competent jurisdiction to be invalid, such invalidity shall not affect any other provision or provisions, application or applications of this article, and to this end, the provisions of this article are declared to be severable. (1969, c. 12.)

inbefore provided levy assessments against the same in the mode and manner herein provided.

Sections four, seven, thirty, thirty-two, thirty-three and thirty-seven of chapter eighty-two of the acts of the legislature of the year one thousand nine hundred and eleven in so far as they are in conflict herewith are hereby repealed.

CHAPTER 17

Senate Bill No. 330—Mr. Lewis

AN ACT to create the municipal corporation of the "City of Mount Hope," in the county of Fayette, to grant a charter thereto, and to annul the charter of the "Town of Mount Hope."

[Passed April 25, 1921. In effect from passage. Approved by the Governor May 4, 1921.]

SEC.
1. City of Mount Hope.
2. Corporate limits.
3. Municipal authorities.
4. Officers.
5-8. Corporate powers.
9. Qualification of voters.
10-11. Elections.
12-15. Election of officers.
16-17. Oath of mayor and other officers.
18-20. Vacancies occurring.
21. Officers may perform other duties.
22. To keep a journal of proceedings.
23. Meeting of council.
24. Quorum.
25. Salaries.
26. Appointive officers.
27. Duties of the mayor.
28. Duties of the clerk.
29-30. Duties of the auditor.
31. Duties of city attorney.
32. Duties of police judge.
33-35. Ordinance: general provisions.
36. Enfranchisements.
37-39. Estimate of expenses and levy.
40-43. Taxes: how collected.
44. Money: how appropriated.
45-46. Sewers, paving and curbing.
47-50. Sewers.
51. Bonded indebtedness.
52. Building for city use, etc.
53-55. Health.
56. Police department.
57. Fire department.
58. Present officers, how long to continue in office.
59. Inconsistent acts repealed.

Be it enacted by the Legislature of West Virginia:

ARTICLE I.

The City of Mount Hope.

Section 1. That the inhabitants of so much of Fayette county as are within the boundaries prescribed by article two of this act, and their successors, shall constitute, be and remain a municipal corporation by the name of "the City of Mount Hope."

ARTICLE II.

Corporate Limits.

Sec. 2. The corporate limits of the city of Mount Hope shall be
2 as follows: Beginning at the original corporation line at a stake
3 near Mill Creek, thence north with the said original line seventeen
4 degrees thirty minutes east six hundred and ninety feet; north
5 twelve degrees fifteen minutes east one hundred and thirty feet;
6 north thirty-three degrees fifteen minutes east four hundred and
7 twenty-eight feet; north eleven degrees fifty-five minutes east four
8 hundred and forty feet; north twenty-nine degrees east six hundred
9 and forty-one feet to a stake on the north side of Dun Loop creek
10 near the bottling works; thence, leaving the original cor-
10-a poration lines north thirty-eight degrees east two hundred
11 feet to a stake in the line of Glen Jean corpora-
12 tion; thence with same north twenty-six degrees west
13 two thousand and seventy feet; thence leaving said Glen
14 Jean corporation and through the Sugar creek lease south
15 sixty-four degrees west five thousand three hundred and
16 eighty feet to a stake in the original line, a corner to the McKell
17 heirs; thence with the original lines south twenty-eight degrees
18 east one thousand nine hundred and ninety-seven feet; south
19 eighty-three degrees east two hundred and ten feet; south thirty-
20 three degrees twenty minutes east one thousand six hundred and
21 forty-three feet; north fifty-seven degrees east two thousand four
22 hundred and thirty-five feet; south seventy-one degrees forty-five
23 minutes east two hundred and seventy-two feet; north fifty-four
24 degrees east crossing Mill Creek three hundred and seventy-eight
25 feet to the beginning.

ARTICLE III.

Municipal Authorities.

Sec. 3. The municipal authorities of the city of Mount Hope
2 shall be the mayor, clerk and five councilmen, who shall consti-
3 tute the council.

ARTICLE IV.

Officers.

Sec. 4. In addition to the municipal authorities mentioned in article three of this act, the said city of Mount Hope shall have a treasurer who may be sergeant, an auditor who may be clerk, chief of police, building inspector, who may be one of the council, a police judge, who shall be the mayor, and council may appoint a health commissioner, city attorney and such other officers and agents as the council may from time to time create or employ.

ARTICLE V.

Corporate Powers.

Sec. 5. All of the corporate powers of said city shall be exercised by the said council or under its authority, except as otherwise provided herein.

Sec. 6. The mayor and councilmen, when elected and qualified as hereinafter provided, shall have possession and exercise corporate powers as a body politic by the name of "the City of Mount Hope," and shall have perpetual succession and a common seal, and by that name may sue and be sued, plead and be impleaded, and may purchase and hold or sell real estate and personal property necessary to enable them to discharge its corporate powers, to assess upon and collect from the property benefited thereby for the welfare of said corporation.

Sec. 7. The municipal authorities of said city, acting under the powers and in the manner herein specified, shall have and are hereby granted the power to have said city re-surveyed; to open, vacate, broaden, widen and repair streets and alleys; to curb and pave streets, sidewalks and gutters for public use, and to alter, improve, repair and light the same; to construct and maintain public sewers and laterals, and shall in all cases have power to assess upon and collect from the property benefitted thereby such part of the expense thereof as shall be fixed by ordinance, except as hereinafter provided; to have control of all streets and avenues, roads and alleys for public use in said city, and to have the same kept in good order, free from obstruction on or over them; to have the right to control all bridges within said city and traffic passing over them; to regulate and determine the width of streets, sidewalks, roads and alleys; to order and direct the curbing and

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16 paving of sidewalks and footways for public use in said city, to be
17 done and kept in good order by the owners of adjacent property; to
18 control the construction and repairing of all houses, bridges culverts
19 and sewers, and to prescribe and enforce all regulations affecting the
20 erecting, repairing or removal of all buildings and structures and to
21 require permits to be obtained for such buildings, plans and specifi-
22 cations thereof to be first submitted to the building inspector, and to
23 prescribe and enforce regulations controlling the erection of such
24 buildings, and to secure the safety and health of the public; to
25 control the opening and construction of ditches, drains, sewers,
26 cesspools and gutters, to deepen, widen and clear the same of stag-
27 nant water and filth, and to determine at whose expense the same
28 shall be done; to build and maintain station houses, police stations
29 and police courts, and to regulate the management thereof; to pur-
30 chase, lay off, appropriate and control public roads, squares and
31 parks, either within or without the city limits as hereinafer de-
32 fined, and when the council determines that any real estate is
33 necessary to be acquired by the said city for any such purpose,
34 the power of eminent domain is hereby conferred upon said city,
35 and it shall have the right to institute condemnation proceed-
36 ings against the owner thereof in the same manner and to the same
37 extent and under the same conditions as such power is conferred
38 upon public service corporations by chapter forty-eight of Barnes'
39 code of West Virginia of the edition of one thousand nine hundred
40 and eighteen; to provide, contract for and take care of all public
41 buildings and structures being proper for the use of said city; to
42 provide for and regulate the building of all houses or other struct-
43 tures, and to determine the distance they shall be built from the
44 street or alley; to cause the removal of unsafe walls or buildings;
45 to compel owners of property to fence in or wall their property
46 for the protection of the public safety; to prevent the injury and
47 annoyance to the business of individuals from anything dangerous,
48 offensive or unwholesome; to abate or cause to be abated all
49 nuisances; to regulate the keeping of gun powder and all other
50 combustibles; to provide and maintain proper places for the burial
51 of the dead; to regulate interment therein upon such terms and
52 conditions as to price and otherwise as may be determined; to pro-
53 vide for shade and ornamental trees and the protection or removal
54 of same; to provide for the draining of lots by proper drains and
55 ditches; to make proper regulation regarding danger and damage
56 from fire; to provide for the poor of the city; to organize and

maintain fire companies and provide the necessary apparatus; to levy taxes on persons, property and licenses; to provide revenue for the city and appropriate the same to its expenses; to provide for the valuation of property as often as it may be deemed proper and for the assessment of taxable persons and property; to adopt rules for the transaction of business and for the government and welfare of this corporate body; to promote the general welfare of the city and protect the person and property of citizens therein; to adopt rules for the transaction of business and for the government and regulation of its corporate body; to appoint such officers as they may deem proper and require and take from them bond with such security and in such penalty as may be determined, conditioned for the faithful discharge of their duty; to regulate and provide for the weighing of produce and other articles sold in said city; to regulate the transportation thereof through the streets; to establish and regulate markets, to prescribe the time for holding the same and what shall be sold in such markets, and to acquire and hold property for market purposes if deemed proper; to regulate the placing of signs, bill boards, posters and advertising and other obstructions in, or over the streets, alleys and sidewalks of said city, to preserve and protect the peace, order and health of the city and its inhabitants; to appoint and fix places for holding city elections; to erect, own, lease, regulate, authorize or prohibit the erection of gas works, electric light works in or near the city, and to operate the same and sell the products thereof and do all things necessary and incidental to the conduct of such business; to provide for and preserve the purity of the water and health of the city; to prescribe and enforce ordinances for the purpose of protecting the health, decency, morality and order of the city and its inhabitants, and to punish violations of such ordinances, even if the offenses under and against such ordinances shall also constitute offenses under the laws of the state of West Virginia or the common laws; to have and exercise all the rights, privileges and powers provided by chapter forty-seven of Barnes' code of West Virginia of the edition of one thousand nine hundred and eighteen, and amendments thereof not inconsistent with this act, and shall retain, keep and succeed to all rights, privileges, property, interest, claims and demands heretofore acquired by or vested in or transferred to the "City of Mount Hope", or heretofore to the corporation of Mount Hope.

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Sec. 8. To carry into effect these enumerated powers and all
2 other powers conferred upon said city, expressly or by implication
3 in this and other acts of the legislature, the municipal authorities
4 of said city shall have power in the manner heretofore prescribed
5 to adopt and enforce all needful orders, by-laws and ordinances not
6 contrary to the laws and constitution of this state, and to prescribe,
7 impose and enforce reasonable fines and penalties, including im-
8 prisonment.

ARTICLE VI.

Qualification of Voters.

Sec. 9. Every person who may have resided within the territory
2 of said city for six months next preceding an election held therein,
3 and who is a qualified voter under the laws and constitution of this
4 state, and none others, shall be entitled to vote at any election held
5 in said city. But no person shall be deemed a resident of said
6 city by reason of being a student of any school or college therein
7 for any temporary purpose.

ARTICLE VII.

Elections.

Sec. 10. The council shall by ordinance provide such regula-
2 tions for the registration of voters as the state laws may require.

Sec. 11. The first election under this act shall be held on
2 the second Tuesday in May in the year one thousand nine hundred
3 and twenty-two; and the second election on the second Tuesday in
4 May in the year one thousand nine hundred and twenty-four, and
5 on the same day every two years thereafter. Such first election and
6 all subsequent elections shall be held in such manner as is, or
7 shall be prescribed by law for the holding of state elections and
8 the council shall, for the first election held under this act, and
9 at least ten days before said first election under this act, designate
11 challengers to hold the said first election. Special elections for
12 any purpose must be authorized by the council and called by the
13 mayor. Notices of all special elections must be given by publica-
14 tion in at least one newspaper of general circulation
15 in the city of Mount Hope, at least thirty days before the date
16 fixed for all such special elections, and by posting notices in such
17 manner as the council may deem necessary. The council shall
18 sit on the seventh day, Sundays excepted, after every election as

19 a board of canvassers, each member of the council having one vote;
20 and as such board of canvassers they shall canvass, ascertain, pub-
21 lish and declare the result of any election held; and the circuit
22 court of Fayette county shall have power to control proceedings
10 the voting places and the names of the commissioners, clerks and
23 of said board of canvassers by mandamus and prohibition. The
24 said board shall keep in a separate book, marked for that purpose,
25 a record of the proceedings, and shall take down and record any
26 evidence, motion, or paper filed, or offered by any candidate, which
27 book and record shall be open to the public and shall be kept in
28 the custody of the clerk.

ARTICLE VIII.

Election of Officers.

Sec. 12. On the second Tuesday in May one thousand nine
2 hundred and twenty-two, and on the same day every two years
3 thereafter, there shall be elected by the qualified voters of the city,
4 a mayor, who shall hold office from the first day of June succeeding
5 the year in which he is elected for a term of two years and until
6 his successor is elected and qualified.

Sec. 13. No person shall be eligible to the office of mayor except
2 he be assessed with and own at least five hundred dollars worth
3 of real or personal property, and is a citizen entitled to vote at
4 the election at which he is elected, and no person shall be elected
5 to such office or retain or hold the same, who shall be or become
6 an officer or employee of any person, firm or corporation holding
7 any franchise or contract under or with said city.

Sec. 14. On the second Tuesday in May, one thousand nine
2 hundred and twenty-two there shall be elected by the qualified
3 voters of the city five councilmen, to hold office from the first day
4 of June one thousand nine hundred and twenty-two until the first
5 day of June, one thousand nine hundred and twenty-four or until
6 their successors are elected and qualified. Beginning with the first
7 election held under this act, which shall be on the second Tuesday
8 in May, one thousand nine hundred and twenty-two, and every two
9 years thereafter, there shall be elected a clerk by the qualified voters
10 of the city, to hold office for the term of two years, and so on every
11 two years thereafter. The officers of the city elected under the old
12 charter and at the election held in the year one thousand nine hun-
13 dred and twenty-one shall hold over until their successors are
14 elected and qualified.

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Sec. 15. No person shall be eligible to the office of councilman
2 or clerk except he be assessed with and own at least five hundred
3 dollars worth of real or personal property, and be a citizen entitled
4 to vote at the election at which he is elected.

ARTICLE IX.

Oath of Mayor and Other Officers.

Sec. 16. The mayor, before taking his seat or performing any of
2 the duties of said office, shall take and subscribe an oath or affir-
3 mation that he possesses the qualifications prescribed by this act
4 to hold such office, and is not subject to any of the disqualifications
5 prescribed therein, and that he will support the constitution of the
6 United States and the constitution of this state, and honestly dis-
7 charge the duties of his office to the best of his skill and judgment
8 which oath shall be written out and signed and filed and preserved
9 among the records and books of the city.

Sec. 17. The clerk, councilmen and all other officers elected or
2 appointed under this act shall take and subscribe an oath or
3 affirmation in the time, manner, form and effect, prescribed for
4 the mayor.

ARTICLE X.

Vacancies Occurring.

Sec. 18. If a vacancy should occur in the office of mayor, the
2 council shall, as soon as practicable, fill the vacancy by the ap-
3 pointment of some qualified person. If any vacancy occurs in any
4 other office, whether elective or appointive, the council shall fill
5 the same by the appointment of some qualified person subject to
6 all regulations as required for the original appointment of elec-
7 tion.

Sec. 19. All persons appointed to fill vacancies in the elective
2 offices shall hold office until the next city election, and all vacan-
3 cies in appointive offices shall be filled for the unexpired term.

Sec. 20. The council shall have and is hereby granted the power
2 and authority to remove from office any officer, whether elective
3 or appointive, for cause or upon written charges preferred by any
4 responsible citizen to the council; but to remove from office under
5 this provision, four-fifths of the members of the council must be
6 present and four-fifths must concur in such removal, and the officer

7 against whom the charges are preferred shall be served with a
8 reasonable notice of the same, together with the time of hearing
9 upon such charges, together with a copy of such charges, and shall
10 have the right to be represented before the council in person and
11 by attorney; and the right to require all witnesses to be sworn and
12 testify under oath before the council and to have the testimony
13 taken down.

ARTICLE XI.

Officers May Perform Other Duties.

Sec. 21. Any member of the council, the mayor, clerk, treas-
2 urer, or any other elective or appointive officer shall, during the
3 time for which he was elected or appointed, be eligible for ap-
4 pointment to any office under the city government; *provided*, such
5 employment is authorized by the council, by resolution for such
6 appointment; but in no case shall the time of service be for a
7 longer period than said council is selected to serve under this act.

ARTICLE XII.

To Keep a Journal of Proceedings.

Sec. 22. The council shall keep a journal of all its proceedings,
2 which shall, at all times, be open to the inspection of the taxpayers
3 of the city, and be a public record, and the ayes and noes of the
4 members shall be taken on any question, at the request of any
5 member, and shall be taken down and entered on the journal.

ARTICLE XIII.

Meeting of Council.

Sec. 23. The council shall hold regular meetings on the first
2 Tuesday of each month of the year, and such special meetings as
3 the business to be transacted may require, at such time, place or
4 places in the city as the council shall, from time to time, ordain
5 or appoint; and the council shall have the power by proper ordi-
6 nances or resolution, entered of record, to vest in any officer of the
7 city or any member or number of members of their body, author-
8 ity to call such special meetings and in like manner to prescribe
9 the mode in and by which said meetings shall be called. All ques-
10 tions put, except as to such matters, as herein otherwise provided,
11 shall be decided by a majority of all the members elected. No

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12 business shall be transacted at any special meeting of the council
13 unless specifically mentioned in the call for such meeting.

ARTICLE XIV.

Quorum.

Sec. 24. The majority of the whole number of members elected
2 or appointed to the council shall constitute a quorum to transact
3 business, but a smaller number may adjourn from time to time and
4 may compel attendance of absent members in such manner and
5 under such penalties as either body may by rules provide.

ARTICLE XV.

Salaries.

Sec. 25. The mayor, clerk, regular and other officers, em-
2 ployees and appointees, shall receive for their official services such
3 salaries as the council shall, from time to time, by ordinance fix
4 and establish; but the salaries of such officers shall not be in-
5 creased or diminished during the term for which such officers were
6 elected or appointed; *provided*, that the salaries of all officers
7 elected or appointed for any term shall be fixed not later than
8 thirty days preceding any election.

ARTICLE XVI.

Appointive Officers.

Sec. 26. The council shall by a majority vote of its members
2 fill all appointive offices under the city administration.

ARTICLE XVII.

Duties of the Mayor.

Sec. 27. The mayor shall be chief executive officer of the city
2 and shall preside at all meetings of the council and shall have a
3 vote in case of tie; he shall have charge and control of the police
4 except as herein otherwise provided; he shall see that the laws and
5 ordinances of the city are enforced; that the peace and good order
6 of the city are preserved and that persons and property therein are
7 protected, and to this end he may cause the arrest and detention
8 of riotous and disorderly persons, and shall perform such other
9 duties and services as the council may ordain in addition to the
10 duties prescribed in this act and not inconsistent herewith. The

clerk, except as herein otherwise provided, shall perform the duties of the mayor whenever and so long as the mayor is from any cause not able to perform his official duties, and he shall, in the absence of the mayor perform any and all the duties of the mayor except he shall not preside over the council. In the absence of the mayor at a meeting of the council, the council shall select one of its own members to preside over its meetings, who shall have a vote as a councilman. If the mayor and clerk are both absent from the city, or otherwise disabled from performing the duties of the mayor, the council may elect a mayor *pro tempore*. The mayor shall have the power at any time to appoint special policemen, who shall be sworn in without confirmation of the council.

ARTICLE XVIII.

Duties of the Clerk.

SEC. 28. It shall be the duty of the clerk to keep a properly indexed journal of the proceedings of the council and board of health and have charge of and preserve the records of the city; he shall, whenever required by the mayor, attend the police court and attend to all the duties as clerk of the police court of the city. In the absence of the mayor or police judge, he shall exercise the functions of police judge; he shall perform all other duties required of him by order or by ordinance of the council; as clerk he shall receive compensation for his service to be fixed by the council, which shall not be increased or diminished during his term of office.

ARTICLE XIX.

Duties of the Auditor.

SEC. 29. The auditor shall be the city accountant and auditing officer of the city and it shall be his duty to see that the accounts of said city are kept in a detailed and systematic manner, under the proper classification so as to show the bonded and other indebtedness of said city, and the amounts and claims due the same, as well from taxes, levies and assessments as from other sources.

SEC. 30. In addition to the other duties of the auditor, it shall be his duty, on or before the first day of August in each year to make a copy from the real and personal property books of property shown to be liable to taxation within the limits of the city of Mount Hope, and to certify such copies under his hand as a true

6 and correct copy thereof, and to deliver the same to the council and
7 to assist the council in preparing the annual estimate of expenses
8 to be certified to the council as a basis for the annual levy. After
9 such levy is made in each year, it shall be the duty of the auditor
10 to extend said levy upon said real estate and personal property
11 books for said city and to prepare proper tax tickets therefrom
12 against all owners of real estate and personal property subject to
13 taxation in said city. He shall turn the said tax bills over to
14 the treasurer or sergeant, who shall collect said taxes when due and
15 payable, and the treasurer shall certify to the payment of same as
16 made. In addition to the above duties of the auditor, he shall per-
17 form such other duties as the council shall prescribe.

ARTICLE XX.

Duties of City Attorney.

Sec. 31. The council may appoint a city attorney, by a ma-
2 jority vote of its members, who shall be the legal adviser of the city
3 and all its officers in all matters arising and in which legal pro-
4 ceedings may be taken; he shall prosecute all the suits, actions
5 and proceedings instituted on behalf of said city and shall defend
6 all suits and actions against said city, and when requested to do
7 so in writing, shall give his written opinion to the mayor, council
8 or any committee thereof upon such questions as may be referred
9 to him affecting the city's interest; he shall perform such other
10 duties as may be requested, and for such services shall receive such
11 compensation as may be agreed on between him and the city
12 council.

ARTICLE XXI.

Duties of Police Judge.

Sec. 32. The mayor or police judge shall be *ex-officio* a justice
2 and conservator of the peace within the city and he shall, within
3 the same, have, possess and exercise all the powers and perform all
4 the duties vested by law in a justice of the peace, except that he
5 shall have no jurisdiction in civil causes of action arising out of
6 the corporate limits of the city. He shall have the same power to
7 issue attachments in civil actions as a justice of his county has,
8 though the cause of action arose out of the city limits, but in such
9 case he shall have no power to try the same but must have such at-
10 tachment returnable and heard before some justice of the county.

Any warrant or other process issued by him may be executed within the same territorial limits as that of a justice of the county. He shall have power to issue executions for all fines, costs and penalties imposed by him, or he may require the immediate payment thereof, and in default of such payment he may commit the party in default to the jail of the city, until the fine, penalty or costs shall be paid, but the term of imprisonment in such cases shall not exceed sixty days. But such mayor or police judge shall not receive any money belonging to the state, or any individual, unless he shall give bond and security as required of a justice of the peace under the laws of the state of West Virginia, and all provisions under the laws of the state of West Virginia relating to moneys received by justices shall apply as to like moneys received by the mayor or police judge.

ARTICLE XXII.

Ordinance—General Provisions.

Sec. 33. The style of ordinances of the city shall be "Be it enacted and ordained by the council of the city of Mount Hope," but the ordinances now in force shall remain in effect until amended or repealed, except where they are in conflict or inconsistent with this act.

Sec. 34. All ordinaces shall be presented in writing and no ordinance shall be so amended in its passage as to change the general purpose. No ordinance shall be considered for final passage at the meeting at which it is introduced unless the same shall have been reported on by a committee, but reference to a committee may be dispensed with by an affirmative vote of three-fifths of the council as elected. No ordinance shall contain more than one subject, which shall be clearly expressed in its title; nor shall any ordinance be passed by the council unless a majority of all the members elected to the council shall concur therein by ayes and nays when the question is put upon its passage.

Sec. 35. All ordinances passed by the council shall be spread upon the minutes and at the next regular meeting such ordinances shall be read in open council and the mayor shall sign said minutes when found correct or corrected, in the presence of the council. The council shall provide a well-bound book, in which shall be copied all the ordinances in the order in which they are passed, which ordinances so copied shall be compared with the originals

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by the mayor and shall be signed by him when found correct. Such book shall be indexed so as to show in brief from the substance of the ordinances. All copies thereof certified as hereinafter provided, shall be received b yall the courts and justices in this state as evidence; but the council may adopt by ordinance, properly designing and describing it, a code of laws and ordinances, which when adopted, shall be published in a newspaper of general circulation in said city, or posted, and printed in book form, or it may be adopted as a whole after it is printed, and the said code shall be and become the laws and ordinances of the said city, and shall be received as such by all the courts in this state, and the printed volumes published under order of the council shall be so received as evidence of what is printed therein till errors or omissions be affirmatively shown therein.

Article XXIII.

Enfranchisements.

Sec. 36. All franchises granting the right of occupancy of any portion of the streets of the city for work of public utility and service shall be granted by the council, but no such franchise shall hereafter be granted except under the following restrictions and conditions:

No franchise shall be granted, except at the time of granting it bond be made to the city providing that the grantee shall indemnify the city against all damages caused by construction, maintenance or operation of such works. All reasonable additional provisions and conditions may be made for the protection of the public necessary damage or inconvenience by reason of the construction, maintenance or operation thereof.

No grant of a franchise for the extension of, or in addition to, any line of work or public service through, over or under any additional street or territory of the city shall be made for a period extending beyond the time limit for the expiration of the franchise, if the principal work is one granted before this act goes into effect and not limited as to time. Any franchise granted for an extension or addition thereto shall nevertheless be made, subject to the provisions hereof including the time limit of not exceeding fifty years.

The council shall in all franchises hereafter granted, embody therein a plainly expressed condition, when the franchise is to be

for work useful chiefly to the citizens of the city, that at the expiration of the franchise the grantee shall, if required by the council sell to the city the plant at what it is then worth.

If the city or the owner of the plant cannot agree upon its value, then its value shall be ascertained by an impartial arbitration, one arbitrator to be selected by the city, one by such owner of the plant, these two to select a third, and the decision of any two to be binding upon both parties.

ARTICLE XXIV.

Estimate of Expenses and Levy.

Sec. 37. A finance committee shall be appointed from the council members, by the mayor, and said finance committee shall, on or before the first day of August in each year, prepare and submit to the council an estimate of the amount of money necessary and advisable to be expended by the city for the current year next ensuing and to be provided for by the tax levy as herein provided for such current year, in which estimate the finance committee shall ascertain and present a detailed and itemized account or estimate of the money necessary to pay interest on the bonded indebtedness of the city, the amount required for the several sinking funds, for the reduction of the principals thereof, the amount to be expended severally for the streets, alleys, curbing, water works, police department, fire department, street paving, sewers, salaries, parks, real and personal property, contingent expenses and other expenses, together with an itemized statement of the estimated receipts, other than that to be derived from the annual levy, and after receiving such estimates, and before making the levy the council shall apportion the rate thereof, (including estimated receipts for licenses and all other sources), among the several funds to ascertain and provide for, which said apportionment when adopted, shall be spread upon the records of the council.

Upon the estimate of such expense, the council shall thereupon, by ordinance, lay a levy for the ensuing tax year of a sum not to exceed one dollar on each one hundred dollars assessed valuation of all taxable property, real and personal, subject to taxation in said city, as well as a capitation tax not to exceed two dollars upon every male inhabitant of said city over the age of twenty-one years who is subject to the capitation tax under the laws of the state of West Virginia, and said council is authorized to levy to such max-

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30 imum of one dollar on each one hundred dollars of valuation, not-
31 withstanding any general laws now in force, or which may be en-
32 acted, restricting the powers of municipal corporations to levy
33 taxes.

Sec. 38. Whenever anything, for which a state license is re-
2 quired, is to be done within said city, the municipal authorities, as
3 herein provided, may require a city license to be had for doing the
4 same, and may, in any case, require from any person licensed a
5 bond with sureties, and in such penalty and with such conditions
6 as it may deem proper, and the council may on notice revoke such
7 license at any time, if the conditions of said bond be broken, or
8 for good cause.

9 The municipal authorities may impose a license and assess a tax
10 thereon on all wheeled vehicles for public hire, all dogs kept within
11 the corporate limits, all insurance, bonding, casualty and guarantee
12 companies, auctioneers, book agents, bowling alleys, billiard sa-
13 loons, bagatel saloons, bond, note and loan associations, building
14 and loan associations, capitation taxes, commission merchants,
15 common carriers, circuses, menageries, theatres, drays, cabs, hacks,
16 etc., eating houses, express companies, hitting and striking ma-
17 chines, hobby horses, junk dealers, real estate agents, insurance
18 agents, livery and feed stables, omnibuses, peddlers, pawn brok-
19 ers, stock brokers, slot machines, social clubs, street venders, to-
20 bacco, snuff, cigars, etc., theatrical shows, transient merchants tel-
21 egraph and telephone companies, electric light companies, gas com-
22 panies, water companies, and other business, property profes-
23 sion or occupation; bicycles, automobiles, butchers and venders
24 of meats, vegetables and other things sold on the streets of the city.
25 The municipal authorities may prescribe, impose and enforce rea-
26 sonable fines and imprisonment, under the order of the police
27 judge of said city, or the person lawfully exercising his function,
28 upon any person carrying or attempting to carry on any business
29 for which the said license is required, without first obtaining a city
30 license therefor, and paying the city license tax assessed thereon.
31 All licenses provided for in this section shall be paid to the ser-
32 geant or treasurer. For the purposes of enforcing the provisions
33 of this section the city shall have police jurisdiction for two miles
34 beyond the corporate limits thereof.

Sec. 39. The council shall have the power to pass and make all
2 regulations and pass all ordinances necessary and proper concern-

5 taxes. He shall make out proper tax tickets in the following man-
6 ner, that is to say: there shall be a single ticket for the whole
7 amount charged to any person, firm or corporation, and after the
8 tickets have been examined and compared and found to be correct
9 by the council, they shall be turned over to the sergeant or treas-
10 urer by the first day of October following the levy. The sergeant
11 or treasurer shall receipt for the gross amount, said receipt to be
12 returned and entered upon the records and the sergeant charged
13 therewith. The sergeant shall then give notice by publication in
14 a newspaper of general circulation in the city or posting for at
15 least ten days, stating that the tax tickets are in his hands for col-
16 lection, the penalty for the non-payment thereof, and the time and
17 place where the same may be paid; *provided, however,* that a tax
18 payer shall have the right to anticipate the payment of the whole
19 or any part of the taxes as assessed. Immediately upon the pay-
20 ment of said taxes or any part thereof, the said amount shall be
21 deposited by the sergeant or treasurer in one of the city deposi-
22 tories to the credit of the "City of Mount Hope," and the sum so
23 deposited shall be reported to the council at its first meeting after
24 deposit is made. All taxes shall be due and payable within thirty
25 days after the expiration of the notice posted and published by
26 the sergeant as hereinbefore set forth, and in case the same are
27 not paid within said time, he may distrain and sell therefor, in like
28 manner as the officer collecting the state taxes may distrain there-
29 for, and he shall have in all other respects the same power to en-
30 force the payment and collection thereof. On all tickets remain-
31 ing uncollected in the hands of the sergeant fifty days after the
32 date of the expiration of the notice posted or published by him
33 a penalty of five per cent, shall be added and collectable, together
34 with six per cent interest until paid.

35 The council may by ordinance allow a discount for prompt pay-
36 ment of taxes. The sergeant shall have the power to collect said
37 taxes so placed in his hands together with the penalty and interest
38 thereon, heretofore provided to be added thereto. The sergeant
39 shall be charged with the gross amount of said tax tickets so de-
40 livered to him for collection, and no deductions therefrom shall be
41 allowed unless on or before the first day of July of each year he
42 makes out and returns to the council a delinquent list of taxes un-
43 collected for the year previous with his oath attached thereto, stat-
44 ing that such delinquent list is correct and just, that he has received

no part of the taxes mentioned thereon and that he has used due diligence to find property to distress for said taxes and has found none, and that the same are uncollectable. Penalties and interest, provided for in this section, to be added to such taxes, shall not be deemed or considered any part of the limitation in this act hereinbefore prescribed, restricting the annual city levy to one dollar on each one hundred dollars valuation. The sergeant shall not take or collect anything but money and the legally issued and authorized drafts or vouchers of the city, for the payment of taxes. The sergeant shall perform such other duties as the council may require, and receive such compensation as shall be fixed by the council.

Sec. 41. All goods and chattels belonging to a person, firm, or corporation or estate, assessed with any city taxes, whether the same be a capitation tax, tax upon real or personal property or an assessment for paving or other improvements, shall be liable for said taxes and may be distrained therefor in whosesoever possession they may be found, and the sergeant shall have the same power to collect said taxes or assessments from any persons owing debts to or having in his possession any estate belonging to a person assessed with any tax or assessment of any kind, that the sheriff has to collect state taxes or enforce the collection thereof.

Sec. 42. There shall be a lien upon all real estate within said city for the city taxes assessed thereon including such penalties and interest added thereto for non-payment thereof as are prescribed by this act, from the first day of January in which said taxes are assesed. Said liens may be enforced in any court of record in Fayette county by appropriate suit; *provided*, such suit be entered within five years from the time said liens attached as herein provided; and such suit may either be by and in the name of the city of Mount Hope as plaintiff, or said city may intervene by pe-
same over to the treasurer.
tition in any suit pending to sell or enforce liens against real estate which is subject to such liens for said taxes. The liens herein created shall have priority over all other liens except those for taxes due the state and county.

Sec. 43. Said liens for city taxes and attendant penalties, as well as for improvement assessments, may also be enforced by the certifying of the same to the clerk of the county court of Fayette county for certification to the state auditor, and the same may be

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5 certified by the state auditor and sold for taxes, interest and penal-
6 ties and commissions thereon in the same manner, at the same time,
7 and by the same officer as real estate sold for taxes, interest, dam-
8 ages, costs and commissions due the state thereon, which officer
9 shall account therefor on settlement with the council and pay the
10 same over to the treasurer.

ARTICLE XXVI.

Money—How Appropriated.

Sec. 44. No money shall be appropriated and no debts shall be
2 contracted and no contracts authorized by the city, except by an
3 ordinance passed by the council as specified herein, and no such or-
4 dinances shall be passed except where the funds to meet the same
5 shall have first been provided by levy duly made in accordance with
6 this act and its provisions. No contract shall be entered into in-
7 volving or anticipating further levies, unless all the questions con-
8 nected with the same shall have been first submitted to the people
9 and shall have received three-fifths of all the votes cast at such
10 election.

ARTICLE XXVII.

Sewers, Paving and Curbing.

Sec. 45. The council shall have the power to establish the
2 width of any sidewalk along any street, alley or public square or
3 portion thereof, and any owner of ground fronting on such street,
4 alley or public square shall, in such manner as the council shall
5 reasonably prescribe, pave and curb the sidewalk adjacent to such
6 property. In case of a failure or refusal of the owner to pave or
7 curb the same, the council may cause the same to be properly
8 curbed and paved by the city, and levy and collect from such
9 owner the whole cost of such curbing and paving adjacent to such
10 property, with a penalty of five per centum added thereto, to-
11 gether with six per centum interest until paid; and in like manner
12 to require the owner of any property adjacent to any paved side-
13 walk heretofore or hereafter constructed, to keep the same in re-
14 pair, and in default of doing so to cause the same to be repaired,
15 and levy and collect the cost from said owner or owners with a
16 penalty of five per centum added thereto together with six per
17 centum interest per annum until paid. In all cases of such as-
18 sessment, whether for the original or for the repairing of side-
19 walks, payment thereof, including penalties and interest, shall be

20 made to the sergeant within sixty days after the completion of the
21 work, who shall have the power to collect the same from the owner
22 or owners of any such property by distress and sale, in the same
23 manner in which taxes levied for the benefit of the city are au-
24 thorized to be collected, and in addition, there shall be a lien upon
25 such real estate, which lien shall be enforced by appropriate suit
26 in any court of record of Fayette county.

Sec. 46. Whenever the council may deem it expedient to cause
2 any street or alley in said city, or portion thereof, to be paved in
3 a permanent manner, it shall upon a written petition signed by the
3-a property owners owning two-thirds of the property abutting on
3-b said street or alley, order the work done in the follow-
4 ing manner and upon the following terms: The contract for such
5 paving shall, after due advertising, in which the council shall re-
6 serve the right to reject any and all bids, be let, if let, to the low-
7 est responsible bidder. The contractor shall look only to the city
8 for the payment for the work and in no sense to the abutting land
9 owner. The total cost of grading and paving any such street or
10 alley (except when the streets are occupied by street car tracks,
11 for the distance between the rails and for two additional feet out-
12 side of each rail, which portion shall be borne and paid by the
13 company owning and operating such railway and track) shall be
14 borne by the owners of the land abutting upon said street, alley or
15 portion thereof, subject to the following plans, that is to say:
16 payment is to be made by all the land owners on either side of such
17 portion of a street or block so paved, in such portion of the total
18 cost, less the portion, if any, chargeable to such street railway
19 company, as the frontage in feet of his land bears to the total
20 frontage of all lands so abutting on such street, alley or portion
21 thereof so paved as aforesaid. The cost of such paving chargeable
22 to the abutting property is not to include any portion of the
23 amount paid for paving of any squares at intersections of streets,
24 which shall in all cases be borne and paid by the city. When the
25 paving of any street or alley or portion thereof shall have been
26 let to contract and the work done as hereinbefore provided, it shall
27 be the duty of the city engineer to cause the several frontages
28 abutting thereon to be measured, to calculate the assessment upon
29 each and every land owner so abutting, and to certify the same to
30 the council showing the proper amount to be determined as pro-
31 vided in the foregoing plan. It shall be the duty of the council

32 to examine and com
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34 cation for two succe
35 lation published in
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37 streets or alleys, de
38 or owners of abutt
39 the said council wit
40 and move such co
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42 have the power to
43 fied, the council s
44 the description as
45 of the land, so fa
46 ords, and to enter
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48 by them respectiv
49 record, the same s
50 owners and lots f
51 of the council to
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32 to examine and compare such assessments, amounts and names so
33 certified to it. Thereupon, the council shall give notice by publi-
34 cation for two successive weeks in some newspaper of general circu-
35 lation published in said city that an assessment, under this act, is
36 about to be laid against abutting property for paving done on said
37 streets or alleys, describing the location of such paving. Any owner
38 or owners of abutting property shall have the right to appear before
39 the said council within three weeks from the first publication thereof
40 and move such council to correct any apportionment or assess-
41 ment improperly made; which corrections the said council shall
42 have the power to make. If found to be correct, or when recti-
43 fied, the council shall cause the same to be entered, together with
44 the description as to the location, frontage, depth and ownership
45 of the land, so far as the same may be ascertained, upon its rec-
46 ords, and to enter in its record that such owners and lots be as-
47 sessed and chargeable with the amount so ascertained to be borne
48 by them respectively. When so approved, certified and entered of
49 record, the same shall be and constitute an assessment against said
50 owners and lots for such respective amounts. It shall be the duty
51 of the council to immediately certify such assessment to the ser-
52 geant for collection as hereinbefore provided. A copy of such
53 order shall be certified by order to the clerk of the county court of
54 Fayette county, who shall be required to record and index the same
55 in the proper deed book in the name of each person against whose
56 property assessments appear therein. The amount so assessed
57 against any land owner, as aforesaid, shall be paid in seven pay-
58 ments, as follows, that is to say: one-fourth of said amount shall
59 be paid to the sergeant when said work is completed, certified and
60 entered of record as aforesaid, and the other three-fourths shall be
61 paid in equal semi-annual payments with six per cent interest
62 thereon until paid, the first of which shall be due and payable six
63 months from date first payment is due, and so on, every six months
64 until the full amount of assessment, with penalties and interest
65 is paid, the purpose being to require the payment regularly until
66 the entire amount is paid. *Provided, however*, that the abutting
67 land owner so liable for any costs of such paving shall have the
68 right at any time after the same is certified as aforesaid to the ser-
69 geant for correction, to anticipate the payment of either install-
70 ment. To each of said installments of assessments remaining un-
71 paid in the sergeant's hands at the time specified for such payment,

a penalty of four per cent shall be added and the payment thereof enforced, in all respects as hereinbefore provided for the collection of any other taxes due the city, and such shall be a lien upon the property liable therefor, the same as for other taxes, and the lien may be enforced in the same manner as provided for other taxes. The liens hereinbefore provided for shall have priority over all other liens except these due the state and county for taxes, and shall be on a parity with other taxes and assessments due the city. Upon the payment of any assessment to the sergeant he shall deliver to the party paying the same a release of the lien therefor, which may be recorded in the office of the clerk of the county court as other releases for liens. Should such assessment not be in the hands of the sergeant, if the same shall have been shown to the satisfaction of the council to have been paid in full to any officer entitled to receive the same as designated by it, the council may direct the sergeant to execute a release of such liens, which release may in like manner be recorded.

ARTICLE XXVIII.

Sewers.

Sec. 47. Whenever the council shall order the construction of any public sewer in said city the owners of the property abutting upon any street, in which said sewer shall be constructed, shall be charged with and liable for sewerage assessments as follows: when said sewer is completed the city engineer shall report to the council in writing the total cost of such sewerage, with a description of the lot and land, as to the location, frontage, depth and ownership, liable for such sewerage assessment, so far as the same may be ascertained, together with the amounts chargeable against each lot and owner, estimated on the basis of cost, frontage measures on said sewer being considered, and thereupon said council shall give notice by publication in a newspaper of general circulation, in said city, as is required in the case of street paving assessment, and the same right shall exist as to the persons and property affected, and the same duty as to corrections by the council as are prescribed with reference to paving, which report shall, in like manner, be examined by the council, and if found to be correct, or corrected as aforesaid, and such estimated assessments to be a fair and equitable apportionment of the costs of said sewer, it shall enter an order upon its records setting forth such location,

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depth, ownership, and said amount of said sewer assessments against each property respectively, calculated as aforesaid, and the entry of such order shall constitute and be an assessment for the proportion and amount so fixed therein, against such respective owners and lots. If after such advertisement, notice and hearing said council shall find that such apportionment at such rate is unjust or inequitable, it shall ascertain, fix and assess the cost thereof among and upon the abutting owners respectively fairly and equitably and in like manner assess and enter the amount so fixed, respectively, upon its records, and the council shall in either event thereupon certify the same to the sergeant for correction, and certify a copy of such order to the clerk of the county court of Fayette county, who shall record the same in the proper deed book, and index the same in the name of the owner of any such lot so charged with such assessment. Such assessment so made shall constitute and be a lien upon said lots repectively, which shall have priority over all other liens except those for taxes due the state and county, and shall be on a parity with other taxes and assessments due the city. Said amounts so assessed against said several land owners shall be paid by the parties liable therefor to the said sergeant at the time, in the manner and with the attendant penalties and interest, for failure to pay promptly at the time prescribed in all respects as hereinbefore provided in the case of assessment for paving of streets and alleys in a permanent manner; and the parties liable therefor in the same manner and to the same extent shall have the right and be entitled to anticipate any or all of such installments. The owner or owners of any lot abutting upon any street or alley in said city, on which a public sewer is or may hereafter be laid and constructed upon which any business or residence building is or may hereafter be erected, not otherwise connected to the public sewer, may be required and compelled by council to connect any such property with such sewer. Notice to so connect may be given by the council to the owner, lessee or occupant of such property. Each day's failure to comply with such notice and to connect with such sewer by such owner or owners, after ten days have elapsed after such notice has been given, shall be a misdemeanor and a separate offense and a new offense under this section, and each offense shall be punishable by a fine of not less than five nor more than twenty-five dollars. Jurisdiction to hear, try and determine and sentence for violation of this

60 section is vested in the police court of said city. If said owner or
61 owners fail to comply with the notice to make such sewer connec-
62 tion, then the council may by ordinance order the work to be done
63 at the expense of the city and the costs thereof be certified to the
64 clerk of the county court, and the same shall constitute a lien upon
65 said property, with the same force and effect as taxes.

Sec. 48. The liens herein and hereinbefore provided for street
2 paving and sewerage assessments shall constitute liens upon real
3 estate upon which they are assessed, as against creditors of the
4 owners thereof or purchasers for value from, and without actual
5 notice of such lien, only from and after the time that the state-
6 ment thereof, certified as aforesaid, shall be filed for record in the
7 office of the clerk of the county court of Fayette county.

Sec. 49. When the whole or any portion of the improvement
2 authorized by this act pass through or by a market space, park,
3 cemetery, structure for the fire department, water works, school
4 building, infirmary, market house, work house, hospital, house of
5 refuge, bridge, gas works, public prison, court house, church or
6 any other public structure or public ground within said city, and
7 belonging to said city, or to the county, state, or any church, as-
8 sociation or elemosynary institution, the council may authorize
9 the assessment to be certified to the clerk of the county court of
10 Fayette county and the same shall thereupon be recorded by said
11 clerk in the proper deed book and shall thereupon become a lien
12 against said property and collectable as other assessments are col-
13 lected against individuals under this act. It shall be the duty of
14 those persons having charge of the fiscal affairs of any such prop-
15 erty or institution to make the proper arrangements for meeting
16 such assessments, when due and payable.

Sec. 50. The city of Mount Hope, by ordinance of the council
2 may borrow money in an amount equal to the amount of said liens
3 herein acquired, for the purpose of paying any contract for paving
4 or sewerage under this act, and may assign said liens as security
5 for such loan or loans; but in no event shall the money so borrowed
6 be expended for any other purpose than in the payment of the in-
7 debtedness owing by the city for such work; that is, liens for the
8 street paving can only be used by the city in borrowing money to
9 pay for street paving and liens for sewerage can only be used by the
10 city in borrowing money to pay for sewerage.

Sec. 51. The
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Sec. 52.
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4 the same; to
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Sec. 53.
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ARTICLE XXIX.

Bonded Indebtedness.

Sec. 51. The council of said city upon the written petition signed
2 by the voters, citizens or corporations owning a majority of the
2-a total property, both real and personal in said city as shown by the
2-b assessed valuation thereof shall have the right to bond
2-c the said city for the purpose of paving the streets and alleys of
3 said city and for constructing water works or repairing the same,
4 and for constructing a sewerage system, or repairing the same, and
5 for the purpose of providing hose and other appliances for ex-
6 tinguishing fires, and for any and all public improvements when-
7 ever the council thereof shall deem such improvements necessary,
8-9 and to refund outstanding bonds at a lower rate of interest, and
10 to issue new bonds for the purpose of increasing the length of time
11 on any such indebtedness; but the aggregate indebtedness of said
12 city shall for all purposes not exceed five per centum on the assessed
13 valuation of the taxable property therein, based on the valuation
14 of the last assessment next preceding the date of the incurring of
15 such indebtedness; and the said council shall by taxation provide
16 a fund for the payment of the interest and any and all indebtedness
17 incurred in the manner aforesaid within the period of thirty-four
18 years. Such bonds shall not be sold for less than par nor ex-
19 changed for the evidence of indebtedness of said city except dol-
20 lar for dollar. A record of all the proceedings had hereunder shall
21 be kept by the council.

ARTICLE XXX.

Buildings for City Use, etc.

Sec. 52. The council shall have the authority to erect, buy,
2 sell and lease all buildings necessary to the use of the city govern-
3 ment, or any of its departments, and to provide for and regulate
4 the same; to establish and maintain public hospitals and receive
5 donations, gifts or bequests for the same, in trust or otherwise.

ARTICLE XXXI.

Health.

Sec. 53. The council shall have the authority to ordain and en-
2 force such regulations within said city as shall be necessary or

3 proper to preserve the health of the inhabitants of said city and
4 to secure them from disease; to require and compel the abatement
5 of and removal of all nuisances within said city at the expense of
6 the person or persons causing the same, or of the owner or owners
7 of the ground whereon the same shall be; to prevent or regulate
8 slaughter houses within the said city; or the exercise of any un-
9 healthy or offensive business, trade or employment therein; to pre-
10 vent the keeping of any stale meats, fish, vegetables, or other mat-
11 ter, or depositing the same, or dirt, rubbish or offal, upon any
12 lot, street, alley or square within said city or upon the banks of
13 any streams within the limits thereof.

Sec. 54. The council shall have the power by ordinance to reg-
2 ulate the sale of cocaine, morphine, opium and poisonous drugs
3 within said city, and to prescribe punishment including fine and
4 imprisonment, for the violation of any such ordinance, and to pro-
5 vide that one or more convictions for violations of the same shall
6 operate as a revocation of the license of any druggist or pharmacist
7 holding a license under said city.

Sec. 55. The council shall, in the month of June, one thou-
2 sand nine hundred and twenty-one, and in said month of every
3 year thereafter, appoint a suitable person, who shall be a prac-
4 ticing physician, as health commissioner, whose term of office shall
5 be for one year and until his successor is appointed and qualified.
6 The members of the council, mayor and health commissioner shall
7 comprise the board of health of said city. The board of health
8 shall have the power to abate all nuisances within said city, and
9 it shall do and perform all such other duties and exercise such
10 other powers as may be required of or conferred upon them by
11 legal ordinances of said city. The council of said city shall pro-
12 vide by ordinances the way and method of trying and abating such
13 nuisances, and shall prescribe all penalties that may be proper and
14 necessary for such purpose. The board of health shall have the
15 power to summon witnesses, hear testimony and to do any and
16 all other things necessary and proper in the performance of such
17 duties under this act and under the general laws of the state, in
18 such cases made and provided.

Sec. 56. The
2 number of police
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4 council. Counci
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9 No person shall
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13 Policemen may
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ARTICLE XXXII.

Police Department.

Sec. 56. The mayor shall nominate a chief of police and such
2 number of policemen as may be authorized by ordinance, from time
3 to time, said nominations to be subject to confirmation by the
4 council. Council shall prescribe by ordinance such mental and
5 physical examinations for applicants for appointment to the po-
6 lice force as it shall deem proper. Policemen, when nominated
7 and confirmed by the council shall hold office during the will of
8 the council. The term of chief of police shall be for one year.
9 No person shall serve or exercise any of the duties of a police of-
10 ficer until he shall have been confirmed as such by the affirmative
11 vote of a majority of all the members elected to the council, unless
12 he has been appointed a special officer as hereinbefore provided for.
13 Policemen may be removed and discharged at any time by the
14 mayor for good cause, in which event he shall report such suspen-
15 sion, together with the reason therefor, to the council at its next
16 meeting. The council shall consider such suspension and may veto
17 such suspension and may reinstate such policeman or confirm the
18 suspension for such period as they may fix. *Provided,* that the
19 council shall have the power to suspend without pay the chief of
20 police or any policeman against whom charges are preferred.

ARTICLE XXXIII.

Fire Department.

Sec. 57. The fire department shall be under the supervision
2 and subject to the rules and regulations prescribed by the council.

ARTICLE XXXIV.

Sec. 58. All officers of the city of Mount Hope heretofore
2 elected by vote of the people shall remain in and hold their offices
3 and discharge the duties thereof until the first day of June one
4 thousand nine hundred and twenty-two and thereafter until their
5 successors have been elected and qualified.
6 All valid ordinances and regulations passed and adopted by
7 the council on or before the fifteenth day of January, one thou-
8 sand nine hundred and twenty-one, and consistent with this act,
9 shall be and remain in full force, unless and until repealed, and

10 the council now in office shall continue to exercise its powers as
11 such until their successors are elected and qualified.

Sec. 59. All acts in conflict or inconsistent with this act are
2 to the extent of any such conflict hereby repealed.

CHAPTER 18

House Bill No. 116—Mr. Brown.

AN ACT to incorporate the city of New Cumberland in the county of Hancock, state of West Virginia, fixing its corporate limits and prescribing and defining the powers and duties of said city.

[Passed April 7, 1921. In effect from passage. Approved by the Governor April 18, 1921.]

SEC.
1. Incorporating "City of New Cumberland."
2. Boundaries prescribed.
3. Officers designated; eligibility of.
4. Municipal authorities to consist of mayor, recorder and councilmen.
5. Act to take effect when; first election; officers elected.
6. Elections to be held biennially.
7. Present officers in power until this act effective.
8. Terms of office.
9. Officers to take oath.
10. Council to fix compensation for members thereof; to prescribe duties and powers of officers.
11. To require performance of duty of officers; bonds, obligations, etc., payable to city.
12. Council; authority to remove officers; how vacancy filled.
13. Council; to fix time and place of regular meetings; quorum.
14. Minute book and ordinance book to be kept; oaths and bonds to be kept by recorder.
15. Council meetings; how conducted.
16. Regulating expenditures of money.
17. Wards; prescribing limits.
18. General powers of.
19. Franchises; regulations governing.
20. Council; empowered to adopt needful ordinances, etc., and to enforce same; restrictions as to fine and imprisonment.
21. Mayor; authority, duties and salary of.
22. Fine or imprisonment; laws governing.
23. Mayor; power of, relative to fines and costs.
24. Jailer of Hancock county, also city jailor; duties and fees of.
25. Mayor's docket; description of.
26. Appeals; when granted or denied.
27. Appeals; when taken; mayor to deliver to clerk of court, record of case.
28. Court to ascertain fine or imprisonment.
29. Appeals allowed by mayor; exceptions.
30. Recorder; duties; substitute for mayor; power and authority to perform all duties of mayor during his absence; license taxes, when paid; duties and power as assessor; levies.
31. Recorder, prepare bills for license taxes due city, turn same over to chief of police, who shall collect all taxes on licenses, etc.; prepare financial statement, publication of, compensation for.
32. Treasury selected.
33. Solicitor appointed, duty, compensation of.
34. Chief of police, duty, power, bond required, penalty, responsibility.
35. Violation, ordinances enforced, fines, costs, arrests, possess power of constable.
36. Chief of police—*ex-officio* collector; tax bills collected, penalty for non-payment, publication required; discount allowed.
37. Same: taxes received; separate account kept, and open for inspection; deposits made by said collector; duties upon expiration of office; disbursements, salary.
38. Same: duty as to collections of; council to recover any or all money, not paid by him to city.
39. Health officer; duty, salary; council to provide by ordinance a municipal board of health.
40. Street commissioner; duty, compensation, term of office.
41. City engineer; council to employ and fix compensation for same.
42. Lien for taxes on real estate, for taxes, fines and penalties; delinquent real estate may be sold for taxes.
43. Licenses generally; city licenses required by council, tax of same for use of city; dog license required.

WEST VIRGINIA HOUSE OF DELEGATES
OFFICE OF THE CLERK
CHARLESTON 25305

DONALD L. KOPP
CLERK

I DONALD L. KOPP, Clerk of the House of Delegates and Keeper of the Rolls of the West Virginia Legislature, and as such Clerk, hereby certify that the foregoing is a true copy of the charter of the City of Mount Hope, West Virginia, enacted by the Legislature by Senate Bill 330, which passed April 25, 1921, and was approved by the Governor May 4, 1921.

Done at the Capitol this the 25th day of November, 1985.

Donald L. Kopp C.H.R.

DONALD L. KOPP, CLERK
BY: Gregory Gray
Assistant Clerk

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OFFICE OF THE CLERK
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Donald L. Kopp /D.M.B.
DONALD L. KOPP, CLERK
BY: Gregory Gray
Assistant Clerk

ORDINANCE OF THE CITY OF MOUNT HOPE
TO AMEND THE CITY CHARTER TO PROVIDE
FOUR (4) YEAR TERMS FOR ALL ELECTED OFFICIALS

That ARTICLE VIII of the City Charter be amended as follows:

ARTICLE VIII

Sec. 12. On the second Tuesday in May 1996 and on the same day every four years thereafter, there shall be elected by the qualified voters of the city, a mayor, who shall hold office from the first day of June succeeding the year in which he is elected for a term of four years and until his successor is elected and qualified.

Sec. 13. No person shall be eligible to the office of mayor unless he or she has been a resident of the City of Mount Hope for at least one (1) year prior to the election at which he is elected and is a citizen entitled to vote at the election at which he is elected, and no person shall be elected to such office or retain or hold the same, who shall be or become an officer or employee of any person, firm or corporation holding any franchise or contract under or with said city.

Sec. 14. On the second Tuesday in May 1996, there shall be elected by the qualified voters of the city five councilmen, to hold office from the first day of June 1996, until the first day of June 2000, or until their successors are elected and qualified. Beginning with the first election held under this act, which shall be on the second Tuesday in May 1996, and every four years thereafter, there shall be elected a clerk by the qualified voters of the city, to hold office from the term of four years, and so on every four years thereafter.

Sec. 15. No person shall be eligible to the office of councilman or clerk except he be a citizen entitled to vote at the election at which he is elected.

FIRST READING: 9-5-95

SECOND READING: 10-3-95

PASSAGE: 10-3-95

Floyd Bonifacio, Mayor

Frank W. Bergendahl, JR.
F. William Bergendahl,

ORDINANCE OF THE CITY OF MOUNT HOPE TO AMEND THE CITY CHARTER FOR THE MEETING OF THE CITY COUNCIL

BE IT ENACTED AND ORDAINED BY THE CITY COUNCIL OF THE CITY OF MOUNT HOPE:

That ARTICLE XIII of the City Charter be amended as follows:

ARTICLE XIII

Meeting of Council

Sec. 23. The council shall hold regular meetings on the second Tuesday of each month of the year, and such special meetings as the business to be transacted may require, at such time, place or places in the city as the council shall, from time to time, ordain or appoint; and the council shall have the power by proper ordinances or resolution, entered of record, to vest in any officer of the city or any member or number of members of their body, authority to call such special meetings and in like manner to prescribe the mode in and by which said meetings shall be called. All questions put, except as to such matters, as herein otherwise provided, shall be decided by a majority of all the members elected. No business shall be transacted at any special meeting of the council unless specifically mentioned in the call for such meeting.

FIRST READING: June 6, 2000

SECOND READING: June 13, 2000

ADOPTED: July 20, 2000

Wendy L. Romage
CITY RECORDER

MAYOR

PHONE 877-2211

City of Mount Hope

MOUNT HOPE, WEST VIRGINIA 25880

May 31, 2000

MAYOR, COUNCILMEN AND RECORDER'S OATH OF OFFICE

We, Michael Martin, Mayor; Steve Brown, Councilman; Norville Ellison, Councilman; Betty Lilly, Councilman; Mal Parker, Councilman; Jack Sears, and Wendy Romage, Recorder, having been duly elected to the offices named above for the City of Mount Hope, May 9, 2000, do hereby severally and solemnly swear (or affirm):

That we will support the Constitution of the United States of America and the Constitution of the State of West Virginia, and will faithfully discharge the duties of our said office to the best of our skill and judgement. So help me God.

In witness thereof, we have hereunto set our hands this the 31st day of May, 2000.

MAYOR

Councilman

Councilman

Councilman

Councilman

Councilman

Recorder

Witness

CITY OF MOUNT HOPE (WEST VIRGINIA)

COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2002 A

BOND ORDINANCE

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Introduced in Council:

November 12, 2002

Introduced by: Passed by Council:

Mayor Michael Martin November 19, 2002

An Ordinance authorizing the refunding of the Waterworks and Sewerage System Revenue Bonds, Series 1986, and the Waterworks and Sewerage System Revenue Bonds, Series 1991, of the City of Mount Hope; authorizing the issuance of not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A , of the City of Mount Hope, the proceeds of which, shall be used, along with other funds and moneys of, or available to, the City of Mount Hope which may be lawfully expended for such purposes, to finance the cost of such refunding, to fund reserve accounts for such bonds and to pay other costs in connection therewith; providing for the rights and remedies of and security for the registered owners of such bonds; and adopting other provisions related thereto.

Be It Enacted and Ordained by the Council of the City of Mount Hope, West Virginia:

ARTICLE I

STATUTORY AUTHORITY; FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Mount Hope, West Virginia (the "City" or the "Issuer"), is a municipal corporation and political subdivision of the State of West Virginia, in Fayette County of said State. The Issuer now owns and operates a combined waterworks and sewerage system (the "System"), both within and without the corporate limits of the Issuer.

B. The acquisition and construction of the System were financed with proceeds of the following bonds the Issuer:

	Designation	Lien Position
1.	$1,584,000 Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 6, 1986 (the "Series 1986 Bonds").	First Lien
2.	$412,500 Waterworks and Sewerage System Revenue Bonds, Series 1991, dated February 25, 1991 (the "Series 1991 Bonds").	First Lien
3.	$1,490,000 Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 20, 1999 (the "Series 1999 Bonds").	First Lien

C. The Issuer derives revenues from the System, and, except for the pledges thereof to secure and pay the Series 1986 Bonds, the Series 1991 Bonds and the Series 1999 Bonds, such revenues are not pledged or encumbered in any manner.

D. The Issuer is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds. The Issuer may now refund the Series 1986 Bonds and the Series 1991 Bonds at a savings to the Issuer. The Issuer hereby determines that it would be to the benefit of the Issuer to refund the Series 1986 Bonds and the Series 1991 Bonds with proceeds from the issuance of its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Series 2002 A Bonds"), in the aggregate principal amount not to exceed $2,000,000.

E. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 2002 A Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 2002 A Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 2002 A Bonds.

F. The Issuer shall not sell the Series 2002 A Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph E above, based upon the actual principal amount, maturity schedule and interest rates for the Series 2002 A Bonds, and the Issuer shall not issue the Series 2002 A Bonds without having obtained from an Independent Certified Public Accountant a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2002 A Bonds and the net interest cost in dollars of the Series 1986 Bonds and the Series 1991 Bonds.

G. Subject to the determination and certification required by paragraph F above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2002 A Bonds and secure the Series 2002 A Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the moneys in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account ,unexpended proceeds of the Series 2002 A Bonds, if any, and as further set forth herein.

H. The estimated revenues to be derived in each year from the operation of the System after the refunding of the Series 1986 Bonds and the Series 1991 Bonds will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Series 1999 Bonds and the Series 2002 A Bonds and all sinking fund, reserve account and other payments provided for in this Ordinance or the Prior Ordinance.

I. The Series 2002 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in EXHIBIT 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.

J. All things necessary to make the Series 2002 A 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 2002 A Bonds, will be timely done and duly performed.

K. The enactment of this Ordinance, and the execution and issuance of the Series 2002 A Bonds, subject to the terms thereof, will not result in any breach of, nor constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

L. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the System; 95% or more of the Net Proceeds of the Series 2002 A Bonds are to be used for local government activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer).

M. Prior to the issuance of the Series 2002 A Bonds, the Issuer shall obtain (i) a certificate from an independent certified public accountant stating that the coverage and parity tests of the Series 1999 Bonds have been met; and (ii) the written consent of the Registered Owners of the Series 1999 Bonds to the issuance of the Series 2002 A Bonds on a parity with the Series 1999 Bonds. The Series 2002 A Bonds shall have a first lien on the Net Revenues on a parity with the lien held by the registered owners of the Series 1999 Bonds.

Other than the Series 1986 Bonds, the Series 1991 Bonds (both of which will be currently refunded) and the Series 1999 Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

N. The Issuer will not permit, at any time, any of the proceeds of the Series 2002 A 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 2002 A Bonds from the treatment afforded by Section 103(a) of the Code.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Series 2002 A Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2002 A Bonds issued hereunder, 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.

Section 1.04. Definitions. All capitalized terms used in this Ordinance and not otherwise defined herein shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means, collectively, Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2002 A Bonds.

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

"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, and shall initially mean Jackson Kelly PLLC, Charleston, West Virginia.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Series 2002 A Bonds and which shall be designated

as such in the Supplemental Resolution, and in the event no such entity is so designated, all references in this Ordinance to the Bond Insurer shall be null and void and have no force and effect.

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

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

"Bonds" means, collectively, the Series 2002 A Bonds, the Series 1999 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 or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2002 A Bonds, in substantially the form set forth in EXHIBIT A - BOND FORM hereto.

"Certificate of Determination" means the Certificate of Determination setting forth the specific terms of the Series 2002 A Bonds, to be executed by the Mayor upon the sale of the Series 2002 A Bonds, the form of which shall be approved in the Supplemental Resolution.

"City" or "Issuer" means the City of Mount Hope, a municipal corporation and political subdivision of the State of West Virginia, in Fayette County thereof, and, where appropriate, the Council and any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds for the proceeds representing the original purchase price thereof.

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

"Consulting Engineers" means any 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, the costs of refunding the Series 1986 Bonds and the Series 1991 Bonds, interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2002 A Bonds and the refunding of the Series 1986 Bonds and the Series 1991 Bonds.

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

"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.

"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-eligible" means, with respect to the Series 2002 A Bonds, meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"Escrow Agent" means the Escrow Agent under the Escrow Agreement, which shall be appointed pursuant to the Supplemental Resolution.

"Escrow Agreement" means the Escrow Agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and ultimate payment of the Series 1986 Bonds and the Series 1991 Bonds, the deposit therein of proceeds of the Series 2002 A Bonds, the disposition of moneys in the various funds and accounts of the Series 1986 Bonds and the Series 1991 Bonds and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

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

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

"Independent Accountants" or "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 purpose except keeping the accounts of the System in the normal operations of its business and affairs.

"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 2002 A Bonds, insuring the payment of the principal of and interest on all or any of the Series 2002 A Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2002 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2002 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds or any other proceeds of the Series 2002 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2002 A 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, the fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided that, "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds; charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"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.

"1986 Ordinance" means the ordinance passed by the Issuer on February 20, 1986, authorizing the Series 1986 Bonds.

"1991 Ordinance" means the ordinance passed by the Issuer on November 20, 1990, authorizing the Series 1991 Bonds.

"Original Purchaser" means Crews & Associates, Inc., Charleston, West Virginia, as the purchaser of the Series 2002 A Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2002 A Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2002 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2002 A Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of the Series 2002 A Bonds.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, 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 Registered Owners for the purpose of consents, notices and the like, any Bond registered to the Issuer.

"Paying Agent" means the Bond Commission or any other Paying Agent designated as such for the Series 2002 A Bonds in the Supplemental Resolution, and any successor thereto.

"Prior Ordinance" means the ordinance passed by the Issuer on May 4, 1999, authorizing the Series 1999 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.

"Purchase Price," for the purpose of computation of the Yield of the Series 2002 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2002 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2002 A Bonds of each maturity is sold or, if the Series 2002 A Bonds are privately placed, the price paid by the first buyer of the Series 2002 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2002 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2002 A Bonds.

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land

Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

"Record Date" means the day of the month which shall be so stated in the Series 2002 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recorder" means the Recorder of the Issuer.

"Redemption Date" means the date fixed for redemption of the Series 1986 Bonds and the Series 1991 Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 1986 Bonds and the Series 1991 Bonds of the Issuer may be called for redemption and includes the principal amount of such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2002 A 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 1986, as amended.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinance and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2002 A Bonds and the Series 1999 Bonds.

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

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

"Series 2002 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2002 A Bonds Rebate Fund" means the Series 2002 A Bonds Rebate Fund created by Section 4.01 hereof.

"Series 2002 A Bonds Redemption Account" means the Series 2002 A Bonds Redemption Account created by Section 4.02 hereof.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2002 A Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2002 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2002 A Bonds.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund created by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2002 A Bonds and the Series 1999 Bonds.

"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 to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2002 A Bonds, authorizing the sale of the Series 2002 A Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement 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 any extensions, additions, betterments and improvements thereto hereafter constructed or acquired for the System from any sources whatsoever.

"Term Bonds" means Series 2002 A 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.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1986 Bonds and the Series 1991 Bonds outstanding as of the date of issuance of the Series 2002 A Bonds are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Owners of the Series 1986 Bonds imposed by the 1986 Ordinance and in favor of the Owners of the Series 1991 Bonds imposed by the 1991 Ordinance, the moneys in the funds and accounts created by the 1986 Ordinance and the 1991 Ordinance and any other funds pledged by such ordinances thereto are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 2002 A Bonds, together with other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Series 1986 Bonds and the Series 1991 Bonds and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on the Series 1986 Bonds and the Series 1991 Bonds as the same become due, plus the premium, if any, to the Redemption Date thereof, and on such date to pay the Redemption Price of the Series 1986 Bonds and the Series 1991 Bonds, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of the proceeds of the Series 2002 A Bonds and other moneys into the Escrow Fund, the amounts on deposit in the sinking funds, including the reserve account therein, created and maintained on behalf of the Series 1986 Bonds and the Series 1991 Bonds shall be released from the lien created by the 1986 Ordinance and the 1991 Ordinance and deposited in the Escrow Fund, the Series 2002 A Bonds Reserve Account or such other fund or account as shall be set forth in the Escrow Agreement or the Supplemental Resolution, and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Authorization and Terms of Bonds. For the purposes of refunding all the outstanding Series 1986 Bonds and the Series 1991 Bonds, funding the Series 2002 A Bonds Reserve Account and paying costs of issuance not otherwise provided for, or any or all of such purposes as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2002 A Bonds of the Issuer. The Series 2002 A Bonds shall be issued in an aggregate principal amount of not more than $2,000,000. The Series 2002 A Bonds shall be issued in such principal amounts and in fully registered form, shall be dated as of the date of delivery thereof, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, and shall mature at such times and in such amounts as shall be set forth in the Supplemental Resolution. The Series 2002 A Bonds shall be subject to such mandatory and optional redemption provisions and shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance, the Supplemental Resolution (or supplemental or amendatory ordinance as the Council shall determine) and the Certificate of Determination as executed by the Mayor in connection with the sale of the Series 2002 A Bonds.

The Series 2002 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 2002 A Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar.

Section 3.02. Execution of Bonds. The Series 2002 A Bonds shall be executed in the name of the Issuer by the Mayor by his or her manual or facsimile signatures, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder 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 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 3.03. Authentication and Registration. No Series 2002 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 Bond, substantially in the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference with respect to the Series 2002 A Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Series 2002 A 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 Registered Owner, 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 Registered Owner 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 2002 A Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. 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 Bond, there shall be issued at the option of the Registered Owner 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, Bonds may at the option of the Registered Owner 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 Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the

Registrar. Transfers of 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 Registered Owner or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of 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 Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2002 A 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 Registered Owner'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. All 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 Net Revenues pledged herein with all other Bonds issued hereunder.

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

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2002 A Bonds Redemption Account in accordance with Subsection 4.03.A(3) 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 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.

B. 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.

C. 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.

D. 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 moneys in the Series 2002 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.

E. 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 2002 A Bonds Sinking Fund), as will exhaust as nearly as practicable the Redemption Account payment designated to be made in accordance with paragraph (A) 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 Registered Owner of the Series 2002 A 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 Bond Insurer, the Original Purchaser and the Registered Owner of the 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 2002 A Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2002 A Bonds shall also be sent to registered securities depositories.

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 Paying Agent, and

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

If funds sufficient to redeem all 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 moneys with the Paying Agent on or before the Redemption Date. If such moneys are not so

deposited, the Registrar shall notify all Registered Owners of such Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Series 2002 A 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 Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent 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 unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the 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 Bonds, and failure to mail or otherwise send 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, the Paying Agent and any agent of the Issuer, the Registrar or the Paying Agent may treat the person in whose name any Series 2002 A Bond is registered as the Registered Owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. [RESERVED]

Section 3.10. [RESERVED]

Section 3.11. Book Entry System for Bonds. A. The Series 2002 A Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2002 A 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 2002 A 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 2002 A Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2002 A 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 2002 A Bond or any other evidence of ownership of the Series 2002 A 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 2002 A 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 2002 A 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 2002 A 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 2002 A 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 Registered Owner 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 2002 A Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2002 A Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2002 A Bonds so redeemed, but DTC may return such Series 2002 A Bonds and make an appropriate notation on the Series 2002 A Bond 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 2002 A 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 2002 A 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 2002 A Bonds, selecting the Series 2002 A Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to the Registered Owners under this Ordinance, registering the transfer of Series 2002 A Bonds, obtaining any consent or other action to be taken by the Registered Owners 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 2002 A 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 Registered Owner with respect to (i) the Series 2002 A 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 2002 A Bonds, (iv) any notice which

is permitted or required to be given to the Registered Owners 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 2002 A Bonds or (vi) any consent given or other action taken by DTC as Registered Owner.

E. The book entry system for registration of the ownership of the Series 2002 A Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2002 A 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 2002 A Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2002 A 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 2002 A Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002 A Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2002 A Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 A Bonds to the Original Purchaser;

(B) Copies of this Ordinance and the Supplemental Resolution certified by the Recorder;

(C) The unqualified approving opinion of Bond Counsel regarding the Series 2002 A Bonds; and

(D) A copy of the Escrow Agreement and such other documents, certificates and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. The definitive Series 2002 A Bonds shall be in substantially the form set forth in EXHIBIT 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 2002 A Bonds on behalf

of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2002 A Bonds shall have the form of the opinion of Jackson Kelly PLLC, as Bond Counsel, attached thereto.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2002 A Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2002 A Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2002 A Bonds Sinking Fund and applied to payment of interest on the Series 2002 A Bonds at the first interest payment date.

B. An amount of the proceeds of the Series 2002 A Bonds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1986 Bonds and the Series 1991 Bonds (which amount shall be set forth in the Escrow Agreement) shall be deposited in the Escrow Fund.

C. An amount of the proceeds of the Series 2002 A Bonds equal to 1/120th of the Series 2002 A Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2002 A Bonds Reserve Account.

D. The balance of the proceeds of the Series 2002 A Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2002 A Bonds and miscellaneous costs of refunding the Series 1986 Bonds and the Series 1991 Bonds at the written direction of the Issuer. All such costs of issuance shall be paid within 60 days of the Closing Date. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Redemption Account for the Series 2002 A Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Registered Owners of the Series 2002 A Bonds.

Section 3.15. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2002 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2002 A Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax

purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2002 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2002.

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 hereby created with (or continued if previously established by the Prior Ordinance), and shall be held by, the Depository Bank, separate and apart from all other funds and accounts of the Depository Bank or the Issuer and from each other, and used solely for the purposes provided herein:

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

(2) Renewal and Replacement Fund (established by the Prior Ordinance);

(3) Costs of Issuance Fund; and

(4) Series 2002 A Bonds Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby created with and shall be held by the Bond Commission, separate and apart from all other funds and accounts of the Bond Commission of the Issuer and from each other:

(1) Series 2002 A Bonds Sinking Fund;

(2) Series 2002 A Bonds Reserve Account; and

(3) Series 2002 A Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the 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 constitute a trust fund for the purposes provided in the Prior Ordinance and in this Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in this Ordinance. All Revenues 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, each month, transfer from the Revenue Fund and pay all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, commencing 6 months prior to the first interest payment date of the Series 2002 A Bonds, transfer from the Revenue Fund and remit to the Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 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 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 2002 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2002 A Bonds deposited therein.

(3) The Issuer shall 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 Series 1999 Bonds Sinking Fund the amount required by the Prior Ordinance to pay principal of the Series 1999 Bonds; and (ii)commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, and in the Series 2002 A Bonds Redemption Account in the case of the Term Bonds which are to be redeemed, an amount equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2002 A 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 and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1999 Bonds Reserve Account the amount required by the Prior Ordinance; and (ii) commencing 12 months prior to the first principal payment date of the Series 2002 A Bonds, if not fully funded upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinance and not in addition thereto), exclusive of any payments for account of any Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in as provided herein. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (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 Renewal and Replacement Fund.

Moneys in the Series 2002 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2002 A Bonds as the same shall be come due. Moneys in the Series 2002 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest on the Series 2002 A Bonds, as the same shall come due, when other moneys in the Series 2002 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for permitted transfers to the Series 2002 A Bonds Rebate Fund.

Except to the extent transferred to the Series 2002 A Bonds Rebate Fund, all investment earnings on moneys in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 A Bonds Redemption Account shall be returned, not less than once each year, by the Bond Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2002 A Bonds, and then to the next ensuing principal payment due thereon.

Except to the extent transferred to the Series 2002 A Bonds Rebate Fund, any withdrawals from the Series 2002 A Bonds Reserve Account which result in a reduction in the balance of such account to below the Series 2002 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds 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 accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 A Bonds and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata, with respect to the Series 1999 Bonds and the Series 2002 A Bonds, all in accordance with the respective principal amounts then Outstanding.

The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 A Bonds Redemption Account created hereunder, and all amounts required for such accounts shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 A Bonds Redemption Account shall be invested and reinvested by the Bond Commission as provided herein.

Except to the extent transferred to the Series 2002 A Bonds Rebate Fund, the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 A Bonds Redemption Account shall be used solely and only for, and are hereby pledged for, the purposes of servicing the Series 2002 A Bonds under the conditions and restrictions herein 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 Bond Commission the required interest, principal and reserve payments with respect to the Series 2002 A Bonds and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance. 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 Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond 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.

D. Whenever all of the required and provided transfers and payments from

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

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

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, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

Section 4.04. Reserve Account Letter of Credit or Surety Bond. The Issuer may, in lieu of funding the Series 2002 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2002 A Bonds Reserve Requirement by the deposit into the Series 2002 A Bonds Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility in an amount at least equal to the Series 2002 A Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in a Supplemental Resolution.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE

Section 5.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Bond 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 Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 5.01.

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 Bond Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2002 A Bonds in such manner and to such extent as may be necessary, so that the Series 2002 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the 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 the Series 2002 A Bonds) so that the interest on the Series 2002 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. 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 2002 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2002 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 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 shall deposit, or cause to be deposited, in the Series 2002 A Bonds Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in such 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, such 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 such 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 such 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 such 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. 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 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 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 amounts and any and all penalties and interest 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 2002 A Bonds from gross income for federal income tax purposes.

Section 5.04. 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.

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 Registered Owner of the Series 2002 A 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 Registered Owners of the Series 2002 A 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 2002 A Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 A Bonds shall not 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 funds pledged for such payment by this Ordinance. No Registered Owner of any Series 2002 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 A Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all of the Series 2002 A Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity in all respects with the lien on the Net Revenues in favor of the Registered Owners of the Series 1999 Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2002 A Bonds and the Series 1999 Bonds, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to such payments as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay all Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to

assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds; provided that, in the event that an amount equal to or in excess of the Series 2002 A Bonds Reserve Requirement is on deposit in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Series 1999 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 60 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 6.05. Operation and Maintenance. The Issuer will operate and maintain the System in good condition and as a revenue-producing enterprise in an efficient and economical manner, making all necessary expenditures for equipment renewal, repair and replacement. The Issuer will also operate and maintain the System in compliance with all federal and state laws.

Section 6.06. Sale of the System. So long as the Series 1999 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 Ordinance. Additionally, so long as the Series 2002 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully the Series 2002 A Bonds or to effectively defease the pledge created by this Ordinance in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002 A Bonds, be immediately remitted to Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal

of and interest on the Series 2002 A Bonds as prescribed by Section 9.01 hereof. Any balance remaining after the payment of the Series 2002 A Bonds and the interest thereon 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 Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption prices of such Bonds. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not 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, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners, 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 Registered Owners 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 Net Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Net 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 all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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 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 Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Series 1999 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance 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 2002 A Bonds pursuant to this Ordinance, without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 A Bonds.

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

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder 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, as stated in a certificate filed with the Recorder, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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 Net Revenues of the System on a parity with the Series 2002 A Bonds, and all covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2002 A Bonds and the Registered Owners of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinance. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any such 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.

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 Series 2002 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 equally, as to lien on 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 shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance and the Prior Ordinance, shall have been made in full as required to the date of issuance of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Ordinance and the Prior Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Section 6.09. Insurance. The Issuer shall carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks, so long as the Series 2002 A Bonds are outstanding. The Issuer shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance. The Issuer shall itself, or shall require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form), such insurance to be made payable to the order of the Issuer, the prime contractor and all subcontractors, as their interests may appear. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer shall also carry liability insurance for death or injury to persons or damage to property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

Section 6.10. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System nor shall 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 thereof shall avail themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other

customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid 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 to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 6.12. 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 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 Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner 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, 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 Issuer. 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 or the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall also file with the Original Purchaser, and mail to any Registered Owner requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2002 A Bonds issued pursuant to this Ordinance and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Registered Owner or anyone acting for and on behalf of such Registered Owner who requests the same.

Section 6.15. 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 waterborne waste matter produced or arising within the territory served by the sewerage facilities 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 facilities 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 facilities 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. 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 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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 2002 A 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 2002 A 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2002 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 A 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 2002 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2002 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 6.17. Statutory Mortgage Lien. For the further protection of the Registered Owners, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2002 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Series 1999 Bonds.

Section 6.18. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer may obtain a Municipal Bond Insurance Policy for the Series 2002 A Bonds. In the event such a Municipal Bond Insurance Policy is obtained, certain additional covenants of the Issuer may be required by the Bond Insurer as a condition to insuring the Series 2002 A Bonds. These additional covenants shall be set forth in full in the Supplemental Resolution, shall apply to the Series 2002 A Bonds and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

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 2002 A Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2002 A 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 2002 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Registered Owner or any Bond Insurer;

(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 Series 1999 Bonds or the Prior Ordinance.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Registered Owner 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 of or interest on the Series 2002 A Bonds then due;

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

(C) Bring suit upon the Series 2002 A Bonds;

(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 Registered Owners; and

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Registered Owners 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 Registered Owners 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 Registered Owners shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

All rights and remedies of the Registered Owners of the Series 2002 A Bonds shall be on a parity with those of the Registered Owners of the Series 1999 Bonds.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Registered Owner (or any Bond Insurer if the defaulted Bonds are insured) 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 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 the System and shall hold, operate, maintain, manage and control the System, 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 the System as the Issuer itself might do.

Whenever all that is due upon the Bonds issued pursuant to this Ordinance and interest thereon and under any covenants of this Ordinance for reserve, sinking or other funds and 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, 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 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 Registered Owners of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Registered Owners, 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.

Section 7.04. Restoration of Issuer and Registered Owner. In case any Registered Owner 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 Registered Owner shall be restored to their former positions and rights hereunder, and all rights and remedies of such Registered Owner shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR

Section 8.01. Appointment of Registrar. The Registrar for the Series 2002 A 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 Series 2002 A 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 Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication and Registration on the Series 2002 A 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 Bonds, the first exchange of Bonds and the exchange of 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 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 the Registered Owners or effect or aid in any reorganization growing out of the enforcement of the Bonds or this Ordinance, whether or not

any such committee shall represent the Registered Owners of a majority in principal amount of the 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. A copy of such notice shall also be mailed to each Registered 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 the Registered Owners, 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 Bond Insurer or the Registered Owners of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer, the Bond Insurer or by such Registered Owners 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 Registered Owners of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Registered Owners 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 Registered Owners. A copy of such notice shall also be mailed to each Registered 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 Registered Owners. 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 Registered Owner 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 shall pay over, assign and deliver any moneys, 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 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.

ARTICLE IX

DEFEASANCE OF BONDS

Section 9.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of all the Series 2002 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2002 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

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 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 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 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 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 moneys 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. For the purpose of this section, securities shall mean and include only Government Obligations or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2002 A Bonds, this Ordinance may be amended 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 2002 A Bonds, this Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2002 A Bonds, provided that, in the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of the applicable Bond Insurer for such Bonds may be effected 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 Registered Owners of the Bonds then Outstanding and affected thereby and the Bond Insurer. 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 Registered Owner of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Registered Owners 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 Registered Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Registered Owners 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 Registered Owner 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 Registered Owner 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 Bonds held by a person executing any instrument as a Registered Owner, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Registered Owner of any Bond shall bind all future Registered Owners 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 Registered Owner, 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 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 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 moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year 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 Registered Owners 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 Registered Owners, at the address listed on the Bond Register, by certified mail, a notice that such moneys 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 moneys then unclaimed will be returned to the Issuer.

Section 10.06. No Personal Liability. No member, 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, officer or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.07. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Bonds issued hereunder.

Section 10.08. 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 Registered Owners of the Bonds, the Original Purchaser and the Bond Insurer, 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 Registered Owners of the Bonds, the Original Purchaser and the Bond Insurer.

Section 10.09. 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 10.10. Table of Contents and Headings. 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 10.11. 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; 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 Series 1999 Bonds are outstanding.

Section 10.12. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.13. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least 6 full days intervening between each publication, in the Fayette Tribune, a qualified newspaper of general circulation in the City of Mount Hope, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2002 A Bonds, and that any person interested may appear before the Council upon a certain date, not less than 10 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 Issuer for review by interested persons during office hours of the Issuer. The Council hereby determines that the abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Section 10.14. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereon.

First Reading: November 12, 2002

Second Reading: November 19, 2002

Public Hearing and
Final Reading: December 10, 2002

Mayor

EXHIBIT A - BOND FORM

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer 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 inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND,
SERIES 2002 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF MOUNT HOPE (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, ____ (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 same 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 a series of bonds, in the aggregate principal amount of $_____ (the "Bonds"), of like date, tenor and effect, except as to number, denomination, date of maturity and interest rate, the proceeds of which are to be used, together with other funds of the Issuer, to pay in full all outstanding Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds"), and Waterworks and Sewerage System Revenue Bonds, Series 1991 (the "Series 1991 Bonds"), of the Issuer, which were heretofore issued to finance the cost of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public combined waterworks and sewerage system of the Issuer (the "System"). The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and an ordinance duly enacted by the City Council of the Issuer on _____, _____, and supplemented by a supplemental resolution duly adopted by the City Council of the Issuer on _____, _____ (collectively, the

"Ordinance"), and is subject to all the terms and conditions of the 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 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 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 Recorder of the Issuer.

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 WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,490,000 (COLLECTIVELY, THE "SERIES 1999 BONDS"), ALL AS DEFINED IN THE ORDINANCE.

[This Bond is 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 _____.]

The Bonds of this issue 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 or after _____, are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, 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 _____ _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ 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

Year (___)	Principal Amount

Bonds Maturing

Year (___)	Principal Amount

_____
* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the 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.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

The Bonds and the interest hereon are payable only from and are secured by (1) the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Series 1999 Bonds, (2) all moneys in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account established under the Ordinance, and (3) the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within the meaning of 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 Net Revenues, the moneys in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account and any unexpended 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 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 obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 1999 Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount 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 obligations outstanding on a parity with the Bonds, including the Series 1999 Bonds, an amount 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 Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to refund the Series 1986 Bonds and the Series 1991 Bonds and pay all costs in connection therewith and costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds.

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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This 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 is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

IN WITNESS WHEREOF, the CITY OF MOUNT HOPE (WEST VIRGINIA) has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Mayor

ATTEST:

(Manual or Facsimile Signature)
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered 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 Jackson Kelly 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 Bonds.

Dated: _____.

_____,
as Registrar

By_____
Its Authorized Officer

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.

STATEMENT OF INSURANCE

EXHIBIT B

CITY OF MOUNT HOPE, WEST VIRGINIA

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 2002, the Council of the City of Mount Hope, West Virginia (the "City") adopted an ordinance which, among other things:

1. Authorized the refunding of the City's Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds") and Waterworks and Sewerage System Revenue Bonds, Series 1991 (the "Series 1991 Bonds"), through the issuance of not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest when due; provided for the creation of a Sinking Fund and a Reserve Account for the Bonds and continuation of the Renewal and Replacement Fund; and provided for the use of excess funds of the System.

4. Directed the payment of the Series 1986 Bonds and the Series 1991 Bonds with proceeds of the Bonds.

5. Provided that the Bonds shall not be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the Registered Owners of the Bonds to the Net Revenues of the System.

6. Provided certain conditions for the issuance of additional bonds.

7. Provided for insurance coverage on the System; provided for the enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the Registered Owners.

8. Established the events of default and the remedies of the Registered Owners.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of Mount Hope at a _____ meeting on _____, 2002, at _____ p.m., in the Council Chambers, City Hall, Mount Hope, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on _____ _____, 2002, is on file with the Recorder for review by interested persons at the City Hall during regular office hours, to-wit: 9:00 a.m. to 5:00 p.m., Monday through Friday.

/s/_____
Recorder -- City of Mount Hope, West Virginia

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the City of Mount Hope, Fayette County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the City of Mount Hope, such records being in the custody of the undersigned and maintained at the City of Mount Hope, City Hall, Mount Hope, Fayette County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended.

Dated this 18th day of December, 2002.

Wendy L. Romage
Recorder

[SEAL]

11/25/02
003099/00303

Introduced in Council:

December 10, 2002

Introduced by:

Mayor Michael Martin

Adopted by Council:

December 10, 2002

A supplemental resolution providing as to the principal amount, date, maturity dates and amounts, interest rates, redemption provisions, sale price and other terms of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, of the City of Mount Hope; authorizing and approving a bond purchase agreement, a continuing disclosure certificate, a registrar agreement, an official statement and other documents relating to the Bonds; appointing the registrar, the paying agent and the depository bank; and making other provisions as to the Bonds and the refunding.

WHEREAS, the Council (the "Council") of the City of Mount Hope, West Virginia (the "City" or the "Issuer"), has duly and officially passed a Bond Ordinance on November 19, 2002, effective December 10, 2002 (the "Ordinance"), entitled: An Ordinance authorizing the refunding of the Waterworks and Sewerage System Revenue Bonds, Series 1986, and the Waterworks and Sewerage System Revenue Bonds, Series 1991, of the City of Mount Hope; authorizing the issuance of not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A , of the City of Mount Hope, the proceeds of which, shall be used, along with other funds and moneys of, or available to, the City of Mount Hope which may be lawfully expended for such purposes, to finance the cost of such refunding, to fund reserve accounts for such bonds and to pay other costs in connection therewith; providing for the rights and remedies of and security for the registered owners of such bonds; and adopting other provisions related thereto;

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

WHEREAS, the Ordinance, pursuant to Section 4 of the Act, directed the Recorder to publish an abstract of the Ordinance (the "Abstract"), together with a notice that the Ordinance has been adopted, that the Issuer contemplates the issuance of the Series 2002 A Bonds as described in the Ordinance and that any person interested may appear before the Council upon a certain day and present protests (the "Notice");

WHEREAS, the Ordinance required that the Abstract and Notice be published as a Class II legal advertisement in the Fayette Tribune, a qualified newspaper of general circulation in the City, and the first publication of such Abstract and Notice was to be not less

than ten (10) days before the date set by the Ordinance and the Notice at which interested persons may appear before the Council and present protests, and the last publication of such Abstract and Notice was to be prior to said date set by the Ordinance and the Notice;

WHEREAS, the Ordinance and the Notice provided for a public hearing to be held at 6:45 p.m., prevailing time, on December 10, 2002, at the Mount Hope Housing Authority, Midtown Terrace, Mount Hope, West Virginia;

WHEREAS, the Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, of the Issuer, in an aggregate principal amount not to exceed $2,000,000 (the "Bonds" or the "Series 2002 A Bonds"), all in accordance with Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively the "Act"); and in the Ordinance it is further provided that the exact principal amount, date, maturity dates and amounts, interest rates, redemption provisions, sale price and other terms of the Series 2002 A Bonds should be established, that a Registrar, Paying Agent and Depository Bank be designated, and that other matters pertaining to the Series 2002 A Bonds be provided for by a supplemental resolution of this Council upon receipt of a Bond Purchase Agreement acceptable to this Council;

WHEREAS, the Series 2002 A 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 (the "Bond Purchase Agreement"); and

WHEREAS, this Council deems it essential and desirable that this Resolution be adopted and that the Bond Purchase Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2002 A Bonds, hereinafter described, be approved, that the principal amount, the date, the maturity dates and amounts, the interest rates, the redemption provisions, the sale price and other terms of the Series 2002 A Bonds, be fixed hereby in the manner stated herein and that other matters relating to the Series 2002 A Bonds be herein provided for, all in accordance with the Ordinance.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MOUNT HOPE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Ordinance was duly published in the Fayette Tribune, a newspaper of general circulation in the City, there being no newspaper published therein, with the first publication thereof being not less than ten (10) days before the day set by the Ordinance and the Notice for the public hearing, at which interested persons may appear before the Council and present protests and suggestions and with the last publication thereof being prior to said date set by the Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is attached hereto and incorporated herein;

(B) In accordance with the Ordinance and the Notice, the Recorder has maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) In the meeting room of the Mount Hope Housing Authority, Midtown Terrace, Mount Hope, West Virginia, on December 10, 2002, at 6:45 p.m. prevailing time, in accordance with the Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the City; and

(E) The Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Ordinance and this Supplemental Resolution.

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 City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A. The Series 2002 A Bonds shall be dated December 1, 2002, upon original issuance, shall.be issued in the aggregate principal amount of $1,285,000, shall bear interest and prices and shall have such redemption provisions and other terms as set forth in the EXHIBIT A attached hereto and incorporated herein. The Series 2002 A Bonds shall be sold to the Original Purchaser, pursuant to the terms of the Bond Purchase Agreement, at an aggregate purchase price of $1,234,148.31(representing par value less an underwriter's discount of $40,000 and an original issue discount of $13,724.45, plus accrued interest of $2,872.76, from December 1, 2002 to December 18, 2002 (the "Closing Date").

Section 3. All other provisions relating to the Series 2002 A Bonds and the text of the Series 2002 A Bonds shall be as provided in the Ordinance, and the Series 2002 A Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Series 2002 A Bonds by the Mayor shall be conclusive evidence of such approval.

Section 4. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, a copy of which is attached hereto as EXHIBIT B and incorporated herein, 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 Bond Purchase Agreement 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 2002 A Bonds, including the payment of all necessary fees and expenses in connection therewith.

The price of the Series 2002 A Bonds shall be as set forth in the Bond Purchase Agreement, plus interest accrued from the date of the Series 2002 A Bonds to the date of delivery of the Series 2002 A Bonds, expected to be on or about December 18, 2002.

Section 5. The Continuing Disclosure Certificate of the Issuer to be dated as of the date of delivery of the Series 2002 A Bonds, a copy of which is attached hereto as EXHIBIT C and incorporated herein, and the execution and delivery by the Mayor thereof shall be and the same are hereby authorized, approved and directed. The Mayor shall execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Continuing Disclosure Certificate by the Mayor shall be conclusive evidence of any approval required by this Section.

Section 6. The Official Statement to be dated on the date of sale of the Series 2002 A Bonds, to be substantially in the form of the Preliminary Official Statement attached hereto as EXHIBIT D and incorporated herein (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 distribution by the Original Purchaser of the Preliminary Official Statement dated December 6, 2002 (which is "deemed final" official statement in accordance with SEC Rule 15c2-12), substantially in the form submitted to this meeting, is hereby ratified and approved. 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 to be dated as of the date of delivery of the Series 2002 A Bonds, by and between the Issuer and the Registrar designated herein, a copy of which is attached hereto as EXHIBIT E and incorporated herein, 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 Issuer hereby appoints and designates Bank One, West Virginia, National Association, Charleston, West Virginia, as Registrar for the Series 2002 A Bonds.

Section 9. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), as Paying Agent for the Series 2002 A Bonds.

Section 10. The Issuer hereby reaffirms the Bank of Mount Hope, Inc., Mount Hope, West Virginia, as Depository Bank under the Ordinance.

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

REGISTRAR

Bank One, West Virginia, National Association
Bank One Center
707 Virginia Street, E.
Charleston, West Virginia 25324

PAYING AGENT

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

DEPOSITORY BANK

Bank of Mount Hope, Inc.
P.O. Box 751
Mount Hope, West Virginia 25880

ORIGINAL PURCHASER

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

Section 12. The Issuer hereby approves and ratifies the DTC Blanket Letter of Representations.

Section 13. As part of the prepayment, the Issuer hereby approves and authorizes the wire transfer of $114,240.02 and $24,312, respectively, to the United States of America, United States Department of Agriculture, Rural Utilities Services, from the Issuer's Reserve Accounts for the Series 1986 Bonds and the Series 1991 Bonds. Any balances remaining in the Reserve Accounts after said transfer shall be returned to the Issuer and used within six months for capital improvements to the System.

Section 14. The Issuer hereby approves and authorizes the deposit of $1,040 into the Series 2002 A Bonds Reserve Account from the bond proceeds.

Section 15. The Issuer hereby approves all costs of issuance in connection with the Bonds and authorizes the payment thereof.

Section 16. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required as desirable in connection with the Series 2002 A Bond issue to the end that the Series 2002 A Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 17. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2002 A Bonds as set forth in EXHIBIT A attached hereto, it is hereby determined that the Series 2002 A Bonds show a net savings to the Issuer after deducting all expenses of the refunding. Prior to the delivery of the Series 2002 A Bonds, the Issuer shall have obtained from an independent certified public accountant, Lawrence Misiti, CPA, a certification that the amount of saving stated to be achieved by the refunding shall in fact be saved, based upon his review, comparison and analysis of the net interest cost in dollars of the Series 2002 A Bonds and the net interest cost in dollars of the Series 1986 Bonds and the Series 1991 Bonds.

Section 18. This Supplemental Resolution shall take effect immediately upon adoption hereof.

Adopted this 10th day of December, 2002.

Mayor

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the City of Mount Hope, Fayette County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of an official record of the City of Mount Hope, such records being in the custody of the undersigned and maintained at the City of Mount Hope, City Hall, Mount Hope, Fayette County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended or repealed.

Dated this 18th day of December, 2002.

Wendy L. Romage
Recorder

[SEAL]

12/16/02
0003099/00303

EXHIBIT A

Series 2002 A Bond Terms

Bond No.	Maturity Date	Principal Amount	Interest Rate	Yield	Price
AR-1	March 1, 2008	$330,000	4.0%	3.999%	100%
AR-2	March 1, 2013	$385,000	4.7%	4.699%	100%
AR-3	March 1, 2017	$390,000	5.0%	5.250%	97.511%
AR-4	March 1, 2022	$ 50,000	5.4%	5.600%	97.656%
AR-5	March 1, 2025	$ 35,000	5.5%	5.700%	97.489%
AR-6	March 1, 2031	$ 95,000	5.7%	5.850%	97.930%

Optional Redemption

The Series 2002 A Bonds maturing on and after March 1, 2013, are subject to redemption, on or after March 1, 2008, at the option of the Issuer, in whole or in part at any time, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
March 1, 2008 to February 28, 2009	102%
March 1, 2009 to February 28, 2010	101
March 1, 2010 and thereafter	100

Mandatory Sinking Fund Redemption

The Series 2002 A Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031 shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2002 A Bonds Sinking Fund at redemption prices equal to 100% of the principal amounts thereof, plus accrued interest to the mandatory redemption dates, on the dates and in the amounts set forth below:

2008 Term Bonds

Year	Amount
2003	$10,000
2004	$60,000
2005	$60,000
2006	$65,000
2007	$65,000
2008*	$70,000

2013 Term Bonds

Year	Amount
2009	$70,000
2010	$75,000
2011	$75,000
2012	$80,000
2013*	$85,000

2017 Term Bonds

Year	Amount
2014	$90,000
2015	$95,000
2016	$100,000
2017*	$105,000

2022 Term Bonds

Year	Amount
2018	$10,000
2019	$10,000
2020	$10,000
2021	$10,000
2022*	$10,000

2025 Term Bonds

Year	Amount
2023	$10,000
2024	$10,000
2025*	$15,000

2031 Term Bonds

Year	Amount
2026	$15,000
2027	$15,000
2028	$15,000
2029	$15,000
2030	$15,000
2031*	$20,000

The principal amount of Series 2002 A Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2002 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

*Stated maturity.

EXHIBIT B

Bond Purchase Agreement

See Tab No. 28

EXHIBIT C

Continuing Disclosure Certificate

See Tab No. 30

EXHIBIT D

Preliminary Official Statement

See Tab No. 26

EXHIBIT E

Registrar Agreement

See Tab No. 19

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

MINUTES ON ADOPTION OF BOND ORDINANCE
(THIRD READING FOLLOWING PUBLIC HEARING)
AND SUPPLEMENTAL RESOLUTION

The undersigned Recorder of the City of Mount Hope (the "Issuer"), hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Issuer:

* * * * * * * * *

The Council of the Issuer met in regular session, pursuant to notice duly given, on the 10th day of December, 2002, in Mount Hope, West Virginia, at the hour of 6:45 p.m.

PRESENT:	Michael Martin	-	Mayor
	Wendy Romage	-	Recorder
	Steve Brown	-	Council Member
	Norville Ellison	-	Council Member
	Betty Lilly	-	Council Member
	Mal Parker	-	Council Member
	Jack L. Sears	-	Council Member
ABSENT:	None		

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it. He stated that the proposed Bond Ordinance heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of said Bond Ordinance and a Notice of Hearing, which publication has been duly made, and the Mayor called for protests and suggestions as to said Bond Ordinance and all persons desiring to protest the said Bond Ordinance or to make any suggestions with reference thereto were heard.

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

> An Ordinance authorizing the refunding of the Waterworks and Sewerage System Revenue Bonds, Series 1986, and the Waterworks and Sewerage System Revenue Bonds, Series 1991, of the City of Mount Hope; authorizing the issuance of not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A , of the City of Mount Hope, the proceeds of which, shall be used, along with other funds and moneys of, or available to, the City of Mount Hope which may be lawfully expended for such purposes, to finance the cost of such refunding, to fund reserve accounts for such bonds and to pay other costs in connection therewith; providing for the rights and remedies of and security for the registered owners of such bonds; and adopting other provisions related thereto.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Bond Ordinance be finally enacted and put in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Supplemental Resolution in writing entitled:

> A supplemental resolution providing as to the principal amount, date, maturity dates and amounts, interest rates, redemption provisions, sale price and other terms of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, of the City of Mount Hope; authorizing and approving a bond purchase agreement, a continuing disclosure certificate, a registrar agreement, an official statement and other documents relating to the Bonds; appointing the registrar, the paying agent and the depository bank; and making other provisions as to the Bonds and the refunding.

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

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Mayor

CERTIFICATION

I hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 18th day of December, 2002.

Wendy L. Romage

Recorder

12/16/02
003099/00303

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

A Regular meeting of the City Council of the City of Mount Hope was held in City Hall on November 12 20 02, at 7:00 P.M., the following being present:

Mayor Michael Martin

City Recorder Wendy Romage

City Auditor

City Attorney John Shumate

Councilmen:

Steve Brown

Norville Ellison

Betty Lilly

Mal Parker

Jack Sears

The meeting was called to order by Mayor Martin at 7:00 P.M., followed by roll call by Recorder Romage.

Pledge of Allegiance.
Invocation by Councilman Sears.

The minutes from the Regular meeting on October 8, 2002 were presented. Motion made by Councilman Parker and seconded by Councilman Ellison to approve the minutes. Motion carried.

The financial report for the month of October 2002 was presented. Mayor Martin stated the other two bids for the printer would be in next month's packet. Motion made by Councilwoman Lilly and seconded by Councilman Brown to approve the October 2002 financial report. Motion carried.

✔ Greg Isaacs of Crews and Associates discussed a proposed refunding of both the 1986 and 1991 USDA loans. Bond Counsel, Samme Gee, provided additional explanation of the benefit of refunding both loans and the savings that would be recognized. After some discussion, Councilman Sears made a motion for the First Reading of an Ordinance authorizing the refunding of the Waterworks and Sewerage System Revenue Bonds, Series 1986 and Series 1991 of the City of Mt. Hope; authorizing the issuance of not more than $2,000,000 in aggregate principal amount of Refunding Revenue Bonds, Series 2002 A. Councilman Parker seconded. Motion carried.

A Special meeting will be held Tuesday, November 19, 2002 at 5 P.M. for the Second Reading of the Bond Ordinance. A Public hearing will be held Tuesday, December 10, 2002 at 6:45 P.M. followed by the Regular Meeting at 7:00 P.M. The Mayor and the Recorder will sign documents by Wednesday, December 18, 2002.

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

A Regular meeting of the City Council of the City of Mount Hope was held in City Hall on November 12 20 02, at 7:00 P.M., the following being present:

Mayor _____

City Recorder _____

City Auditor _____

Councilmen:

_____

_____

_____

_____

_____

Councilman Ellison discussed plans to honor Sam Dorado as Lion of the Year at a dinner at the Lions Club. Councilman Ellison made a motion proclaiming Thursday, November 21, 2002 Sam Dorado Day. Councilman Parker seconded. Motion carried. The Proclamation will be presented to Sam at the dinner.

Mayor Martin discussed Superintendent Virgil Kincaid's request for a garage door for the old city hall. Kincaid was not able to attend the meeting but had provided two proposals from Advantage Door Company and the Right Door Company. The garage door can be funded by the water and sewer account. The area at the city hall could be used for the city's general vehicle maintenance. A motion was made by Councilman Sears and seconded by Councilman Parker to approve the Right Door Company's proposal. Motion carried.

Motion made by Councilman Ellison and seconded by Councilman Parker to approve Friday, November 29, 2002 as Thanksgiving Holiday for city employees.

Mayor Martin stated the ad concerning McNeely and Gill's request for variance has yet to appear in the paper. The letter to the Board of Zoning Appeals will go out about the same time. There was not anything to take action on this evening. Mayor Martin and Attorney Shumate will plan a meeting date for the Board of Zoning Appeals.

Chief Chapman gave the police report for October 2002. Chapman noted upcoming savings on a cut in pager service and labor costs for general cruiser maintenance. Chapman stated there would however be an increase in overtime due to the officers remodeling work at city hall. Chapman is hopeful the overtime might be covered under a grant if possible.

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

A Regular meeting of the City Council of the City of Mount Hope was held in City Hall on November 12 20 02, at 7:00 P.M., the following being present:

Mayor _____

City Recorder _____

City Auditor _____

Councilmen:

_____

_____

_____

_____

_____

Brenda Underwood of 612 North Mountain Avenue asked to be on the agenda to discuss a culvert concern. Underwood was absent. Mayor Martin stated the area is the Department of Highway's responsibility. DOH has yet to send an engineer to the area. Martin will have the street crew look at the area again to see what might be done.

Visitor Mr. Lilly shared his concern about a ditch that needs to be cleared. The Mayor will remind the street crew to take care of it.

Mayor Martin asked Ms. Maynor about organizing a Christmas parade. Ms. Maynor has not contacted the Mayor.

Motion made by Councilman Parker and seconded by Councilwoman Lilly to adjourn. Motion carried.

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

A Special meeting of the City Council of the City of Mount Hope was held in City Hall on November 19 20 02, at 5:00 P.M., the following being present:

Mayor Michael Martin

City Recorder

City Auditor

Councilmen:

Steve Brown

Norville Ellison

Betty Lilly

Mal Parker

Jack Sears

A Special Meeting was held at 5:00 P.M. for the Second Reading of an Ordinance authorizing the refunding of the Waterworks and Sewerage System Revenue Bonds, Series 1986 and Series 1991.

Mayor Martin called the meeting to order. Recorder Romage was absent.

Motion made by Councilman Sears and seconded by Councilman Parker for the Second Reading of Ordinance. Motion passed unanimously. A Public hearing and adoption of Ordinance to occur December 10, 2002 at 6:45 P.M.

Councilman Parker made a motion to adjourn at 5:10 P.M. Councilman Sears seconded.

BECKLEY NEWSPAPERS INC.
BECKLEY, WEST VIRGINIA 25801

December 02, 2002

STATE OF WEST VIRGINIA
COUNTY OF FAYETTE, to wit:

I, Martha Simmons, being duly sworn upon my oath, do depose and say that I Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Fayette Tribune, a Republican newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice-weekly for at least fifty weeks during the calendar year, in the municipality of Oak Hill, Fayette County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of NOTICE OF PUBLIC HEARING AND
(Description of notice)

was duly published in said newspaper once a week for two successive weeks (Class 2), commencing with the issue of the 25th day of November, 2002, and ending with the issue of the 2nd day of December, 2002, (and was posted at the Fayette County Courthouse on the 2nd day of December, 2002); that said annexed notice was published on the following dates:

11/25/02,12/02/02 and that the cost of publishing said annexed notice as aforesaid was $ 100.54

Signed Martha Simmons
Martha Simmons
Legal Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
2nd day of December, 2002

My commission expires March 27, 2011

NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA [illegible]
BECKLEY NEWSPAPERS
P. O. BOX 2396
BECKLEY, WEST VIRGINIA
My commission expires [illegible], 2011

Notary Public of Raleigh County,
West Virginia

COPY OF PUBLICATION

000 LEGAL ADVERTISEMENTS

CITY OF MOUNT HOPE, WEST VIRGINIA
NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on November 19, 2002, the Council of the City of Mount Hope, West Virginia (the "City") adopted an ordinance which, among other things:

1. Authorized the refunding of the City's Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds") and Waterworks and Sewerage System Revenue Bonds, Series 1991 (the "Series 1991 Bonds"), through the issuance of not more than $2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest when due; provided for the creation of a Sinking Fund and a Reserve Account for the Bonds and continuation of the Renewal and Replacement Fund; and provided for the use of excess funds of the System.

4. Directed the payment of the Series 1986 Bonds and the Series 1991 Bonds with proceeds of the Bonds.

5. Provided that the Bonds shall not be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the Registered Owners of the Bonds to the Net Revenues of the System.

6. Provided certain conditions for the issuance of additional bonds.

7. Provided for insurance coverage on the System; provided for the enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the Registered Owners.

8. Established the events of default and the remedies of the Registered Owners.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of Mount Hope at a regular meeting on December 10, 2002, at 8:45 p.m., at the Mount Hope Housing Authority, Midtown Terrace, Mount Hope, West Virginia, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on November 19, 2002, is on file with the Recorder for review by interested persons at the City Hall during regular office hours, to-wit: 9:00 a.m. to 5:00 p.m., Monday through Friday.

/s/ Wendy Romage
Recorder
City of Mount Hope,
West Virginia
12-02-MON-2-FT; LG 534

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer 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 inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-1 $330,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND,
SERIES 2002 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.0%	March 1, 2008	December 1, 2002	621621 BA8

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF MOUNT HOPE (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 March 1 and September 1, in each year, beginning March 1, 2003 (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 same 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 February 15 and August 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 Bank One, West Virginia, National Association, Charleston, 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 a series of bonds, in the aggregate principal amount of $1,285,000 (the "Bonds"), of like date, tenor and effect, except as to number, denomination, date of maturity and interest rate, the proceeds of which are to be used, together with other funds of the Issuer, to prepay in full all outstanding Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds"), and Waterworks and Sewerage System Revenue Bonds, Series 1991 (the "Series 1991 Bonds"), of the Issuer, which were heretofore issued to finance the cost of acquisition and construction of certain extensions, additions,

betterments and improvements to the existing public combined waterworks and sewerage system of the Issuer (the "System"). The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and an ordinance duly passed by the City Council of the Issuer on November 19, 2002, effective December 10, 2002, and supplemented by a supplemental resolution duly adopted by the City Council of the Issuer on December 10, 2002 (collectively, the "Ordinance"), and is subject to all the terms and conditions of the 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 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 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 Recorder of the Issuer.

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 WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,490,000 (COLLECTIVELY, THE "SERIES 1999 BONDS"), ALL AS DEFINED IN THE ORDINANCE.

The Bonds of this issue 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 March 1, 2013, are subject to redemption, on or after March 1, 2008, at the option of the Issuer, in whole or in part at any time, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
March 1, 2008 to February 28, 2009	102%
March 1, 2009 to February 28, 2010	101%
March 1, 2010 and thereafter	100%

SPECIMEN

(B) Mandatory Sinking Fund Redemption. The Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031 shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2002 A Bonds Sinking Fund at redemption prices equal to 100% of the principal amounts thereof, plus accrued interest to the mandatory redemption dates, on the dates and in the amounts set forth below:

2008 Term Bonds

Year	Amount
2003	$10,000
2004	$60,000
2005	$60,000
2006	$65,000
2007	$65,000
2008*	$70,000

2013 Term Bonds

Year	Amount
2009	$70,000
2010	$75,000
2011	$75,000
2012	$80,000
2013*	$85,000

2017 Term Bonds

Year	Amount
2014	$90,000
2015	$95,000
2016	$100,000
2017*	$105,000

2022 Term Bonds

Year	Amount
2018	$10,000
2019	$10,000
2020	$10,000
2021	$10,000
2022*	$10,000

SPECIMEN

2025 Term Bonds

Year	Amount
2023	$10,000
2024	$10,000
2025*	$15,000

2031 Term Bonds

Year	Amount
2026	$15,000
2027	$15,000
2028	$15,000
2029	$15,000
2030	$15,000
2031*	$20,000

The principal amount of the Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of the Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

*Stated maturity.

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the 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.

SPECIMEN

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar 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 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 Registrar. Notice of redemption having been given as aforesaid, the 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.

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 Bond.

The Bonds and the interest hereon are payable only from and are secured by (1) the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Series 1999 Bonds, (2) all moneys in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account established under the Ordinance, and (3) the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute an indebtedness of the Issuer within the meaning of 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 Net Revenues, the moneys in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account and any unexpended 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 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 obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 1999 Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount 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 obligations outstanding on a parity with the Bonds, including the Series 1999 Bonds, an amount 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 Ordinance. Remedies provided the registered owners of the

SPECIMEN

Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to refund the Series 1986 Bonds and the Series 1991 Bonds and pay all costs in connection therewith and costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds.

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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This 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 is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

IN WITNESS WHEREOF, the CITY OF MOUNT HOPE (WEST VIRGINIA) has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Wendy L. Romage

Recorder

NUMBER
AR-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered 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 Jackson Kelly 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 Bonds.

Dated: December 18, 2002.

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION,
as Registrar

By Lorne Mullins
Its Authorized Officer

SPECIMEN

NUMBER
AR-1

ASSIGNMENT

SPECIMEN

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.

NUMBER
AR-2

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer 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 inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-2 $385,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND,
SERIES 2002 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.7%	March 1, 2013	December 1, 2002	621621 BB6

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF MOUNT HOPE (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

NUMBER
AR-3

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer 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 inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-3 $390,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND,
SERIES 2002 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.0%	March 1, 2017	December 1, 2002	621621 BC4

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THREE HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF MOUNT HOPE (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

NUMBER
AR-4

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer 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 inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-4 $50,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND,
SERIES 2002 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.4%	March 1, 2022	December 1, 2002	621621 BD2

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF MOUNT HOPE (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

NUMBER
AR-5

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer 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 inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-5 $35,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND,
SERIES 2002 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.5%	March 1, 2025	December 1, 2002	621621 BE0

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: THIRTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF MOUNT HOPE (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

NUMBER
AR-6

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer 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 inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. AR-6 $95,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BOND,
SERIES 2002 A

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
5.7%	March 1, 2031	December 1, 2002	621621 BF7

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: NINETY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF MOUNT HOPE (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

CITY OF MOUNT HOPE

BOND ORDINANCE

CITY OF MOUNT HOPE
WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 1999 A

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Introduced in Council
on the 20th day of April, 1999

Introduced by
Honorable Floyd Bonafacio, Mayor

Passed by Council
on the 4th day of May, 1999

An Ordinance authorizing the acquisition and construction certain additions, betterments and improvements to the combined waterworks and sewerage system of the City of Mount Hope; authorizing the issuance of Waterworks and Sewerage System Revenue Bonds of the City of Mount Hope in aggregate principal amount of $1,490,000 to be used, along with other funds and moneys of, or available to, the City of Mount Hope which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction and to pay other costs in connection therewith; providing for the rights and remedies of and security for the 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; and adopting other provisions related thereto.

Be It Ordained by the Common Council of the City of Mount Hope, West Virginia:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise.

"Act" shall mean collectively Chapter 8, Article 20, and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

"Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds on behalf of the Program, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

"Bond Act" means Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Ordinance.

"Bond Construction Trust Fund" shall mean the fund created by Section 6.01(C) hereof.

"Bondholder" or "Owner of the Bonds" or "Registered Owners" or any similar term shall mean any person who shall be the registered owner of any Outstanding Bond as hereinafter defined.

"Bond Year" shall mean the twelve-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" shall mean the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in Section 3.08 hereof.

"City" shall mean the City of Mount Hope, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

"Closing Date" shall mean the date upon which there is an exchange of the Bonds for the proceeds or a portion of the proceeds representing the purchase of the Bonds by the Authority.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

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

"Consulting Engineers" shall mean Woolpert, LLP, Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the City as Consulting Engineers for the System.

"Cost of Project" or "Costs" shall mean those costs described in Section 1.04(G) hereof to be a part of the cost of the acquisition and construction phase of the Project, as the case may be, as hereinafter defined.

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

"Debt Service" shall mean the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"DEP" shall mean 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 the functions of the DEP.

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

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

"Fund" shall mean the "West Virginia Water Pollution Control Revolving Fund" established by the State, administered by the DEP and funded by capitalization grants awarded to the State pursuant to the federal Clean Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of wastewater treatment facilities.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Gross Revenues" shall mean the aggregate gross operating and non-operating revenues of the System determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the

sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined) or any Tap Fees, as hereinafter defined, and for the furnishing by the City of miscellaneous services.

"Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the City as independent accountants for the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Loan Agreement" shall mean the Water Pollution Control Revolving Fund Loan Agreement by and among the Authority, the DEP and the City providing for the purchase of the Bonds from the City by the Authority.

"Mayor" shall mean the Mayor of the City.

"Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter 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, DEP, fiscal agents, the Registrar and the Paying Agent (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; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Ordinance" or "this Ordinance" shall mean this Ordinance, in its present form or as hereafter amended or supplemented.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean the $1,490,000 Waterworks and Sewerage System Revenue Bonds, Series 1999 A, to be issued for the purpose of paying a portion of the Costs of the acquisition and construction of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

"Original Purchaser" shall mean the Authority.

"Outstanding" when used with reference to Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for

the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any such Bond registered to the City.

"Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Bonds.

"Paying Agent" shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the City and the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" shall mean collectively the Series 1986 Bonds and the Series 1991 Bonds.

"Prior Ordinances" shall mean collectively the Series 1986 Ordinance and the Series 1991 Ordinance.

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

"Project" shall mean the acquisition and construction of the certain additions, extensions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference.

"PSC" means the Public Service Commission of West Virginia and any successor to the functions thereto.

"PSC Order" means the Recommended Decision of the PSC in Case No. 98-1448-S-CN, which was entered by an Administrative Law Judge of the PSC on February 2, 1999, and which became the final order of the PSC on February 22, 1999, granting the City a Certificate of Convenience and Necessity to construct the Project.

"Qualified Investments" shall mean and include 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; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligation 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 Federal Deposit Insurance Corporation ("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 owner 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 "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Investment Management Board pursuant to Article 6, Chapter 12 of the Code of West Virginia, 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 Investor Service, Inc., or Standard and Poor's Corporation.

"Recorder" shall mean the Recorder of the City.

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

"Regulations" shall mean the regulations promulgated under the Code.

"Revenue Fund" shall mean the fund continued by Section 5.01(1) hereof.

"Series 1986 Bonds" shall mean the City's Waterworks and Sewerage Revenue Bonds, Series 1986, dated March 6, 1986, issued in the aggregate principal amount of $1,584,000.

"Series 1991 Bonds" shall mean the City's Waterworks and Sewerage Revenue Bonds, Series 1991, dated February 25, 1991, issued in the aggregate principal amount of $412,500.

"Series 1986 Ordinance" shall mean the ordinance passed by the Council of the City on February 20, 1986, authorizing the issuance of the Series 1986 Bonds.

"Series 1991 Ordinance" shall mean the ordinance passed by the Council of the City on November 20, 1990, authorizing the issuance of the Series 1991 Bonds.

"Series 1999 A Renewal and Replacement Fund" shall mean the fund created by Section 5.01(2) hereof.

"Series 1999 A Reserve Account" shall mean the fund created by Section 5.02(1)(a) hereof.

"Series 1999 A Reserve Requirement" shall mean as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding Fiscal Year.

"Series 1999 A Sinking Fund" shall mean the fund created by Section 5.02(1) hereof.

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

"SRF Act" shall mean Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Ordinance.

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

"State" shall mean the State of West Virginia.

"Supplemental Resolution" shall mean any resolution, ordinance or order of the City supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Original Bonds;

provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Original Bonds and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" shall mean the net revenues not required by this Ordinance to be set aside and held for the payment of or security for the Bonds, including the reserve accounts and the Renewal and Replacement Fund.

"System" shall mean the existing combined waterworks and sewerage system of the City, both within and without said City, to be owned by the City, and shall include any extensions, additions, betterments and improvements thereto.

"Tap Fees" shall mean 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, and words importing persons shall include firms and corporations. Words importing the masculine gender include all other genders.

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

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

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

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Original Bonds and any other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Bondholders, and the covenants and agreements herein set forth to be performed by said City shall be for the equal benefit, protection and security of the legal owners 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 Bonds by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The City is a municipal corporation and political subdivision of the State in Fayette County of said State. The City currently owns and operates a combined

waterworks and sewerage system, furnishing water and sewer service to residences, premises and businesses residing or located within and without the corporate boundaries of the City.

B. The acquisition and construction of certain improvements to the waterworks portion of the System was financed in part with the proceeds of the Series 1986 Bonds, issued in the aggregate principal amount of $1,584,000, and Series 1991 Bonds, issued in the aggregate principal amount of $412,500.

C. The City derives Net Revenues from the System, and except for the pledges thereof to secure and pay the Series 1986 Bonds and the Series 1991 Bonds, said Net Revenues are not pledged or encumbered in any manner.

D. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that there be acquired and constructed certain extensions, additions, betterments and improvements to the System in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by DEP and are on file with the City, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of twenty years.

E. The estimated maximum cost of the Project is $1,710,000. Of this amount, $1,490,000 will be permanently obtained from the proceeds of the Original Bonds herein authorized. The City has committed to contribute $232,500 toward the estimated maximum cost of the Project and hereby reaffirms that commitment.

F. The estimated revenues to be derived in each year after the issuance of the Original Bonds from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on each series of Original Bonds of the City and all sinking fund and other payments provided for in this Ordinance and in the Prior Ordinances.

G. It is deemed necessary for the City to issue its Original Bonds in the aggregate principal amount of $1,490,000 to finance the costs of the acquisition and construction of the Project herein described through the Program. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; engineering, fiscal and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses; fees or expenses of the Authority and DEP, including the SRF Administrative Fee; commitment fees; discount; initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds; and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the City for any amounts expended by it for allowable costs

prior to the issuance of the Original Bonds or the repayment of the indebtedness incurred by the City for such purposes shall be deemed part of the Cost of the Project.

H. It is in the best interests of the City that the Original Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement by and among the Authority, the DEP and the City.

I. The City has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to the 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 have expired or will have been waived prior to the issuance of the Original Bonds.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition and construction of certain additions, extensions, betterments and improvements to the System in accordance with plans and specifications prepared by the Consulting Engineers, approved by DEP and the City, and on file in the office of the City.

Prior to issuing the Original Bonds for the acquisition and construction of the Project, the City must receive acceptable bids or enter into contracts for the acquisition and construction of the Project which are compatible with the financing plan submitted to the Program.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purposes of paying costs of issuance and financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, or any one of such items, there shall be issued the Original Bonds of the City. The Original Bonds shall be designated "City of Mount Hope Waterworks and Sewerage System Revenue Bonds, Series 1999 A" and shall be issued in an aggregate principal amount of $1,490,000. The Original Bonds shall be dated as of the date of delivery thereof, shall bear such interest, if any, but in no case to exceed two percent (2%) per annum, shall mature at such times, not exceeding twenty (20) years after the date of issuance, and in such amount or amounts as shall be set out in the Loan Agreement. The Original Bonds shall not bear interest, if any, during the construction period but interest shall commence accruing on the Completion Date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest, if any, on the Original Bonds shall begin not later than one (1) year after the completion date. The repayment of principal and interest, if any, on the Original Bonds shall be as set forth on Schedule Y to the Loan Agreement. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the Loan Agreement and as the Council of the City shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Original Bonds.

The Bonds shall be payable as to principal, at the principal 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, if any, shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Bonds may be paid by wire transfer or other methods satisfactory to the City, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in said Supplemental Resolution and shall bear interest from such date.

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the City by the Mayor and attested by the Recorder, and the seal of the City shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed have been 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 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 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08, shall have been duly manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. 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 owner, 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 owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain Outstanding, the City, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

Bonds shall be transferable only upon the books of the Registrar, by the registered Owner thereof in person or by the Owner's attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered Owner or the Owner's duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Registrar. For every such exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the City. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days 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.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may, in its discretion, issue and deliver a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Owner's furnishing the City proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City may prescribe and paying such expenses as the City may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the Registrar and held for the account of the City. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

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

Section 3.06. Bonds not to be Indebtedness of the City. The Bonds shall not, in any event, be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Original Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts established in the Prior Ordinances and into the Renewal and Replacement Fund

hereinafter established are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Original Bonds. The text of each series of Original Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

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[FORM OF THE ORIGINAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF FAYETTE
CITY OF MOUNT HOPE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the City of Mount Hope, a municipal corporation of the State of West Virginia, in Fayette County of said State (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of _____ ($_____), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning ___, 200_, as set forth on the "Schedule of Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Ordinance) shall also 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 principal, 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 Paying Agent. The interest on this Bond, if any, is payable by check or draft mailed to the Authority at the address as it appears on the books of the Registrar on the 15th day of the month 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 as otherwise provided by the Loan Agreement dated _____, 1999, among the Authority, the DEP and the City.

This Bond is issued (i) to pay costs of acquisition and construction of a wastewater collection facility constituting the sewer system of the City (the "Project"), [(ii) to fund a reserve account therefor,] and (iii) to pay certain costs of issuance hereof and related costs. 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 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly

enacted by the City on the __th day of _____, 1999, and a Supplemental Resolution adopted by the City on the __th day of _____, 1999 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. 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 Bonds under the Ordinance.

This Bond is payable only from and secured by a pledge of a first lien on the Net Revenues, on a parity with the lien of the Prior Bonds, to be derived from the operation of the System, moneys in the Series 1999 A Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Net 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 a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest, if any, thereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the City 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 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with the Bonds, payable from such revenues, provided however, that so long as there exists in the Series 1999 A Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The City has entered into certain further covenants with the registered owners of the Bonds, for the terms of which, reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of _____, _____, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be

applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, 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 City for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the City of Mount Hope has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated the __ day of _____, 1999.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

_____,
as Registrar

By _____
Its Authorized Officer

Dated: _____

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 City, with full power of substitution in the premises.

Dated: _____, ___.

_____

In the presence of:

_____

Section 3.09. Sale of Original Bonds; Ratification and Execution of Loan Agreement. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. As a ratification of the resolution of Council authorizing execution of the Loan Agreement, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the City, attest the same and deliver the Loan Agreement to the Authority. The Loan Agreement is specifically incorporated into this Ordinance.

Section 3.10. Certificate of Consulting Engineers. Prior to the issuance of the Original Bonds, the City must obtain the certificate of the Consulting Engineers, in the form attached to the Loan Agreement, to the effect that the Project has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP is sufficient to pay the costs of the acquisition and construction of the Project.

Section 3.11. Amended Schedule A Filing. Within 60 days following the Completion Date, the City will file with the Authority its schedule, in substantially the form of "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

ARTICLE IV

[Reserved]

ARTICLE V

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 with and shall be held by the Depository Bank:

(1) Revenue Fund;

(2) Series 1999 A Renewal and Replacement Fund; and

(3) Series 1999 A Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1999 A Sinking Fund;

(a) Within the Series 1999 A Sinking Fund, the Series 1999 A 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 established in the Series 1991 Ordinance and continued herein. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and the Depository Bank and used only for the purposes and in the manner therein and herein provided.

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

(2) The City shall next from the moneys in the Revenue Fund set aside an amount necessary to make the following simultaneous transfers, on the dates set forth herein and in the Prior Ordinances: (i) to make the principal and interest payments required by the Prior Ordinances; and (ii) on the first day of each month commencing 4 months prior to the first date of payment of principal, to remit to the Commission, for deposit in the Series 1999 A Sinking Fund, a sum equal to 1/3rd of the amount of principal which will become due on the 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 1999 A Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment 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. When additional series of Original Bonds are issued, the payment of

principal on said bonds shall be made simultaneously with the payments described in this Section 5.03A(2) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(3) The City shall next from the moneys in the Revenue Fund set aside an amount necessary to make the following simultaneous reserve account payments, on the dates set forth herein and in the Prior Ordinances: (i) to transfer to the respective reserve accounts created in the Prior Ordinances the amounts required by the Prior Ordinances, if any; and (ii) to pay to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Bonds, if not fully funded upon issuance of the Bonds, for deposit in the Series 1999 A Reserve Account, an amount equal to 1/120 of the Series 1999 A Reserve Requirement; provided, that no further payments shall be made into the Series 1999 A 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 1999 A Reserve Requirement. When additional series of Original Bonds are issued, additional deposits into the Series 1999 A Reserve Account for said bonds shall be made simultaneously with the payments described in this Section 5.03A(3) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(4) The City shall next from the moneys in the Revenue Fund set aside an amount necessary to make the following depreciation account and renewal and replacement fund payments, on the dates set forth herein and in the Prior Ordinances: (i) to transfer to the respective depreciation accounts established in the Prior Ordinances the amounts required by the Prior Ordiances, if any; and (ii) on the first day of each month, to transfer to the Series 1999 A Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Series 1999 A Renewal and Replacement Fund shall be kept apart from all other funds of the City or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Series 1999 A Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1999 A 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 Series 1999 A Renewal and Replacement Fund.

Moneys in the Series 1999 A Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Series 1999 A Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Series 1999 A Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Series 1999 A Reserve Account shall be transferred, not less than once each year, to the Series 1999 A Bond Construction Trust Fund prior to completion of the Project and thereafter, pro rata, to the Series 1999 A Sinking Fund.

Any withdrawals from the Series 1999 A Reserve Account which result in a reduction in the balance of the Series 1999 A Reserve Account to an amount below the Series 1999 A Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the respective sinking funds for payment of debt service on the Bonds and the Prior Bonds have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the Series 1999 A Sinking Fund sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1999 A Reserve Account in an amount equal to the Series 1999 A Reserve Requirement.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Sinking Fund created hereunder, and all amounts required for the Series 1999 A Sinking Fund shall be remitted to the Commission from the Revenue Fund by the City at the times provided herein.

The payments into the Series 1999 A Sinking Fund 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 Ordinance.

Moneys in the Series 1999 A Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 1999 A Sinking Fund, including the Series 1999 A Reserve Account therein, shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity with them that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. 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 said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1999 A Sinking Fund, including the Series 1999 A Reserve Account therein, and the Series 1999 A Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

D. The City shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges then due.

Simultaneously with the deposit made to the Commission pursuant to Section 5.03A(2) the City shall remit to the Commission the SRF Administrative Fee.

The City shall complete the "monthly payment form," which form 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 fifth day of each calendar month.

E. The moneys in excess of the maximum amounts insured by FDIC in the Revenue Fund and the Series 1999 A Renewal and Replacement 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.

G. All remittances made by the City 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.

Section 5.04. Excess Bond Proceeds. Upon completion of the Project, any proceeds of the Original Bonds not required to pay Costs of the Project shall be applied as directed by the Authority and DEP.

(2) a certificate, signed by the Mayor 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 disbursements 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 City.

ARTICLE VII

ADDITIONAL COVENANTS OF THE CITY

Section 7.01. General Covenants of the City. All the covenants, agreements and provisions set forth in this Ordinance shall be and constitute valid and legally binding covenants of the City and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the City hereby covenants and agrees with the owners 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 City. The Bonds shall not be nor constitute an indebtedness of the City 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 Ordinance. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the City to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith, equally and ratably, by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net 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 Bonds herein authorized and to make the payments into the Series 1999 A Sinking Fund, including the Reserve Account therein, and all other payments provided for in this Ordinance are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds and for the other purposes provided in the Ordinance.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. The City shall take the necessary actions with respect to the imposition of rates, at such times and with such provisions with respect to interest rate and maturity of the Bonds, to finance the issuance of the Bonds as the purchaser thereof shall require. 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 hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided that, in the event that an amount at least equal to or in excess of the Series 1999 A Reserve Requirement is on deposit in the Series 1999 A Reserve Account and the reserve accounts for obligations prior to or on a parity with the Bonds, including the Prior Bonds, are funded at least at the respective requirements provided therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original 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.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The City will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures, for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof, from the revenues of said System, in the manner provided in the Ordinance.

Upon completion of the Project, the City shall file with the Authority a schedule, in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 7.06. 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 fully to pay or redeem at or prior to maturity all the Bonds and Prior Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit, pro rata, in the Series 1999 A Sinking Fund and the sinking funds established for any of the Prior Bonds then Outstanding, and the City shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of Bonds and Prior Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price of all other Outstanding Bonds and Prior Bonds. Any balance remaining after the redemption or payment of all the Bonds and Prior Bonds and interest thereon shall be remitted to the City by the Commission, unless necessary for the payment of other obligations of the City payable out of the revenues of the System.

The foregoing provision notwithstanding, the City 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. The Council may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly

adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars ($10,000), or authorize such sale, lease or other disposition of such property, upon public bidding, if the amount to be received therefor is in excess of ten thousand dollars ($10,000) but not in excess of fifty thousand dollars ($50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of $10,000, shall be deposited, pro rata, in the Series 1999 A Renewal and Replacement Fund and in the depreciation accounts established for any Prior Bonds then Outstanding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the City to the Commission for deposit, pro rata, in the Series 1999 A Sinking Fund and in the sinking funds established for any Prior Bonds then Outstanding, and shall be applied only to the redemption of Bonds and Prior Bonds of the last maturities then Outstanding or to the purchase of Bonds and Prior Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds and Prior Bonds. Such payments of such proceeds into the respective sinking funds, renewal and replacement funds and depreciation funds for the Bonds and Prior Bonds shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance or of the Prior Ordinances.

No sale, lease or other disposition of the properties of the System shall be made by the City if the proceeds to be derived therefrom shall be in excess of fifty thousand dollars ($50,000) and be insufficient to pay or redeem, prior to maturity, all the Bonds then Outstanding, without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then Outstanding. The City shall prepare the form of such approval and consent for execution by the then owners of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The City shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 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 such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the City 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 to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 1999 A Reserve Account and the Series 1999 A Renewal and Replacement Fund, at the time of the issuance of such subordinate obligations, have been made and are current.

Except as provided above, the City 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 said pari passu additional Bonds, 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 Ordinance or upon the System or any part thereof.

The City shall give the Authority and the DEP prior written notice of its issuance of any other obligations to be used for the Project, 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 7.08. Parity Bonds. No Parity Bonds 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, with the prior written consent of DEP and the Authority, and, for so long as any of the Prior Bonds remain Outstanding, in accordance with restrictions and limitations established in the respective Prior Ordinances applicable to such Prior Bonds.

No 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 entirety of one or more issues or series of 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 Recorder a written statement by Independent 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, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) Each series of Original Bonds and Prior 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 three (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 City, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be

stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (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 Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the City shall have entered into written contracts for the immediate acquisition or construction of such extensions, additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

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 owners of the Original Bonds and the owners of any Parity Bonds 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 respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The City shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

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

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then Outstanding, 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, and the City shall then be in full compliance with all the covenants, agreements and terms of this Ordinance.

Section 7.09. Insurance and Construction Bonds. The City will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks.

The City will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Bonds. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the City, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the City shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Ordinance and otherwise shall be deposited, pro rata, in the Series 1999 A Renewal and Replacement Fund and the depreciation accounts established for any Prior Bonds then Outstanding, and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund and in the depreciation accounts established for any Prior Bonds then Outstanding. The City shall also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The City shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the City.

The City 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.

Section 7.10. Consulting Engineers. The City 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. Such resident engineer shall certify to the Authority, the DEP and the City, at the completion of construction, that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The City 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 City shall notify the DEP in writing of such receipt. The City shall submit a Performance Certificate, the form of which is attached as Exhibit A to the Loan Agreement and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The City 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 City agrees that it will, at all times, provide operation and maintenance of the System to comply with any and all State and federal standards. The City 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 this Loan Agreement. The City shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

The City agrees that qualified operating personnel, properly certified by the State, will be retained to operate the System during the entire term of the Loan Agreement.

Section 7.11. Compliance With Loan Agreement, Rules and Regulations. The City hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and 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 construction of the Project and operation, maintenance and use of the System. The City agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the City will provide the DEP with copies of all documents submitted to the Authority.

Section 7.12. No Free Services. The City will not render or cause to be rendered any free services, of any nature, by its System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself or herself 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 City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City 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 7.13. Enforcement of Collections. The City will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (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. The City further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the PSC applicable thereto, discontinue and shut off both the

water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the City will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. The City 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 City 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 City 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 Agreement or other sources of financing for the Project.

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

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the City. 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 City. The City 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 City shall be reported to such agent of the City as the Council shall direct.

The City shall file with the Consulting Engineers and the Authority and DEP, and shall mail in each year to any owner or owners 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 Ordinance with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds or other obligations Outstanding and secured by a lien on the Net Revenues of the System.

The City shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report to the Authority and the DEP. The report of said audit shall include a statement that the City is in compliance with the terms and provisions of the Act and the Loan Agreement and that the City's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The City shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report and forward a copy by the 10th of each month to the Authority and the DEP.

The City shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the City's construction schedule.

The City 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 City 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 City 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 7.16. Operating Budget. 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 thirty days of the 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 the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the 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 the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The City 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 address with the City and request in writing that copies of all such budgets and resolutions be furnished him 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.

Section 7.17. Mandatory Connection. The mandatory use of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the City and 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 matter 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 City 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 7.18. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Bond Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds.

Section 7.19. PSC Order. The City shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.20. Covenant to Amend Ordinance. The City retains the right to make any amendments, insertions or deletions by Supplemental Resolution to this Ordinance as the City deems necessary prior to the issuance of the Bonds to meet the requirements of the Authority and the DEP.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specified 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. 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 of such liquidation. The Depository Bank or such other bank or national banking association may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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:

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

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such Bonds, and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

(C) If the City 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 with respect to any Bonds, any Registered Owner of such 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 City to perform its duties under the Act and the Ordinance 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 such Bonds, (iv) by action at law or bill in equity, require the City to account as if it were the trustee of an express trust for the registered Owners of such Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such registered Owners.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the City under the Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the City of such default, any Bondholder shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System on behalf

of the City, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the 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 City exercise all the rights and powers of the City with respect to said facilities as the City itself might do.

Whenever all that is due upon the Bonds issued pursuant to the Ordinance and interest thereon and under any covenants of the Ordinance 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 Ordinance shall have been cured and made good, possession of the System shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent default, any owner of Bonds issued pursuant to this Ordinance shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her, 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 City and for the joint protection and benefit of the City and Owners of Bonds issued pursuant to the 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 City and Bondholders, and the curing and making good of any default under the provisions of the Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the City to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

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, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All 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 agents, 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 and interest due and to become due on said Bonds on and prior to 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 purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, 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 applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Commission, 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. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 11.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed.

Section 11.04. Covenant of Due Procedure. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Abstract of Ordinance and Notice of Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least six full days intervening between each publication, in the Fayette Tribune, a newspaper of general circulation in the City of Mount Hope, together with a notice stating that this Ordinance has been adopted and that the City contemplates the issuance of the Bonds, and that any person interested may appear before the City upon a certain date, 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 City for review by interested persons during office hours of the City. The Council hereby determines that the Abstract contains sufficient information as to

give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the City shall take such action as it shall deem proper in the premises.

Section 11.06. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

First Reading: April 20, 1999

Second Reading
and Passage: May 4, 1999

Public Hearing: May 18, 1999

This Ordinance was placed into effect following the public hearing held on May 18, 1999.

(SEAL)

Frank A. Bergendahl, Jr.
Recorder

Floyd Gonzales
Mayor

EXHIBIT A

Project Description

The Project consists of the replacement/rehabilitation of approximately 2,121 linear feet (lf) of 18" sanitary sewer, 969 lf of 12" sanitary sewer, 2,547 lf of 10" sanitary sewer, 8,204 lf of 8" sanitary sewer, 320 lf of 6" sanitary sewer, 35 lf of 6" sanitary sewer, 1,532 lf of 4" sanitary sewer lateral, the TV inspection or 12, 617 lf of existing sanitary sewer, 126 lf of 12" storm pipe, 2 storm sewer manholes (MH), 92 sanitary sewer MH (0-6 feet in depth), 152 sanitary sewer MH extra depth, 20 lf of 4" sanitary sewer force main, 552 lf of 16" steel casing pipe, 75 lf of 20" steel casing pipe, 89 lf of 30" steel casing pipe, and other related appurtenances, including the restoration of all public roadways, sidewalks and private drives disturbed during construction. The sanitary sewer pipe is a combination of PVC and ductile iron pipe.

EXHIBIT B

CITY OF MOUNT HOPE, WEST VIRGINIA

NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on May 4, 1999, the Council of the City of Mount Hope, West Virginia (the "City") adopted an ordinance which:

1. Authorized the acquisition and construction of certain additions, extensions, betterments and improvements to the combined waterworks and sewerage system (the "Project") to the system ("System") of the City and the financing of the permanent cost, not otherwise provided, thereof through the issuance of $1,490,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1999 A (the "Bonds"). The Project, estimated at $1,710,000, was authorized to be financed with the Bond proceeds and with a contribution by the City in the approximate amount of $232,500.

2. Directed that the Bonds be issued in the form of one bond, fully registered with a payment record attached, at an interest rate not to exceed two percent (2%) per annum; that said Bonds mature in not more than twenty years and that said Bonds be sold for the par value thereof; that the Bonds be issued; that the Bonds be executed in the name of the City by the Mayor, and the seal of the City be affixed thereto and attested to by the Recorder; that such Bonds be duly authenticated by the Registrar and delivered to the West Virginia Water Development Authority as the Original Purchaser on behalf of the West Virginia Division of Environmental Protection.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest when due; provided for the creation of reserve accounts for the Bonds and a Renewal and

Replacement Fund; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Construction Trust Fund.

5. Pledged to payment of the Bonds the Net Revenues of the System on a parity with the City's Waterworks and Sewerage System Revenue Bonds, Series 1986, and the City's Waterworks and Sewerage System Revenue Bonds, Series 1991.

6. Provided upon certain conditions for the issuance of additional bonds.

7. Provided for insurance coverage on the Project; provided that the City will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

8. Established the terms for defaults and the remedies of the Bondholders.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of Mount Hope at a special meeting thereof at 7:00 p.m., prevailing time, on May 18, 1999, at the City Hall, Main Street, Mount Hope, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on May 4, 1999, is on file with the Recorder for review by interested persons during the regular hours at the City Hall, Main Street, Mount Hope, West Virginia, to-wit: 9:00 a.m. to 5:00 p.m., Monday through Friday.

_____
Recorder-City of Mount Hope,
West Virginia

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the City of Mount Hope, Fayette County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the City of Mount Hope, such records being in the custody of the undersigned and maintained at the City Hall, Main Street, Mount Hope, Fayette County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended.

Dated this 20th day of May, 1999.

Frank A. Bergendahl, JR.
Recorder

[SEAL]

CHASFS3:118799

SUPPLEMENTAL RESOLUTION

Introduced in Council

May 18, 1999

Introduced by

Floyd Bonifacio, Mayor

Adopted by Council

May 18, 1999

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE CITY OF MOUNT HOPE WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; MAKING PROVISIONS FOR THE PAYMENT OF THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Common Council (the "Governing Body") of The City of Mount Hope (the "City"), has duly and officially adopted a Bond Ordinance on May 4, 1999, effective May 18, 1999 (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MOUNT HOPE; AUTHORIZING THE ISSUANCE OF WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS OF THE CITY OF MOUNT HOPE IN AGGREGATE PRINCIPAL AMOUNT OF $1,490,000 TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE CITY OF MOUNT HOPE WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE 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; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

WHEREAS, the Ordinance provides for the issuance of the City of Mount Hope Waterworks and Sewerage System Revenue Bonds, Series 1999 A, of the City (the "Bonds"), in the aggregate principal amount not to exceed $1,700,000, 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 City, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection ("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 Ordinance it is provided that 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 Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and 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 COMMON COUNCIL OF THE CITY OF MOUNT HOPE, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined:

(A) That the Abstract and Notice was duly published in the Fayette Tribune, a newspaper of general circulation in the City with the first publication thereof being on May 6, 1999, which first publication was not less than ten (10) days before the day set by the Ordinance and Notice for the public hearing at which interested persons might appear before the Council of the City and present protests and suggestions and with the last publication thereof being on May 13, 1999, which last publication date was prior to said date set by the Ordinance and Notice for the public hearing, and a copy of the Affidavits of Publication reflecting such publications are attached hereto and incorporated herein;

(B) That in accordance with the Ordinance and the Notice, the Recorder of the City has maintained in his office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council chambers, City Hall, Main Street, Mount Hope, West Virginia on May 18, 1999 at 7:00 p.m., prevailing time, in accordance with the Ordinance and Notice, the Council met for the purpose of hearing protests and suggestions

regarding whether the Ordinance should be put into effect and heard all protests and suggestions with regard thereto;

(D) That, at the public hearing, no significant reasons were presented that could require modification or amendment of the Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the City; and

(E) The Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Ordinance and this Supplemental Resolution.

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:

(A) $1,490,000 City of Mount Hope Waterworks and Sewerage System Revenue Bonds, Series 1999 A, of the City, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,490,000. The Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2020, and shall bear no interest. The principal on the Bonds is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2000. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, upon payment of the redemption premium, if any, and upon continued 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 in the amounts as set forth in "Schedule Y," attached thereto and incorporated herein by reference. The City shall pay the 1% SRF Administrative Fee as provided in the Loan Agreement.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Ordinance.

Section 4. The City does hereby ratify the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Mayor of the Loan Agreement, and the performance of the obligations contained therein on behalf of the City are hereby authorized, directed, ratified and approved. The City 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 will be advanced from time to time as requisitioned by the City.

Section 5. The City does hereby appoint and designate the Bank of Mount Hope, Inc., a state banking association, Mount Hope, 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 City and the Registrar, in substantially the form attached hereto, and the execution and delivery by the Mayor of the

Registrar's Agreement, and the performance of the obligations contained therein on behalf of the City are hereby authorized, approved and directed.

Section 6. The City 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 City does hereby appoint the Bank of Mount Hope, Inc., Mount Hope, West Virginia, as Depository Bank under the Bond Ordinance.

Section 8. The City has created the Series 1999 A Reserve Account which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Series 1999 A Sinking Fund (established for the annual payment of principal and interest, if any) will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

Section 9. The proceeds of the Bonds, as advanced from time to time, 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.

Section 10. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered on or about May 20, 1999, to the Authority pursuant to the Loan Agreement.

Section 11. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the City and will promote the health, welfare and safety of the residents of the City.

Section 12. The City hereby determines to invest all moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the City 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 City. Moneys in the Series 1999 A Sinking Fund, including the Series 1999 A Reserve Account therein, shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The City hereby certifies that it has irrevocably committed the sum of $232,500 to the costs of the Project.

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

The foregoing Resolution was read and duly adopted at a regular meeting of the Common Council of the City of Mount Hope held on the 18th day of May, 1999.

THE CITY OF MOUNT HOPE

[SEAL]

Mayor

ATTEST:

Frank W. Bergendahl, JR.

Recorder

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Mount Hope on the 18th day of May, 1999.

Dated: May 20, 1999.

Frank W. Bergendahl, JR
Recorder

CHASFS3:118859

EXHIBIT A

The Fayette Tribune

Established in 1897

417 Main Street West
Oak Hill, WV 25901
Telephone 1-800-207-3093
(304) 469-3373

CERTIFICATE OF PUBLICATION

Fee For Publication: $ 92.75

I, Steve Smith, publisher of THE FAYETTE TRIBUNE, a semi-weekly newspaper, published in the City of Oak Hill, County of Fayette, State of West Virginia, do hereby declare that the herewith attached, was published in said newspaper in its issue date the 6th and 13th days of May, 1999.

(Signed) Steve Smith
Steve Smith
Publisher

SIGNED AND SWORN TO AND BEFORE ME THIS

(Signed) Donna Dickerson
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
DONNA S. DICKERSON
Fayette Tribune/Beckley Newspapers
P.O. Box 189
Oak Hill, WV 25901
My Commission Expires July 13, 2004

MY COMMISSION EXPIRES July 13, 2004

CITY OF MOUNT HOPE, WEST VIRGINIA
NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on May 4, 1999, the Council of the City of Mount Hope, West Virginia (the "City") adopted an ordinance which:

1. Authorized the acquisition and construction of certain additions, extensions, betterments and improvements to the combined waterworks and sewerage system (the "Project") to the system ("System") of the City and the financing of the permanent cost, not otherwise provided, thereof through the issuance of $1,490,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1999 A (the "Bonds"). The Project, estimated at $1,710,000, was authorized to be financed with the Bond proceeds and with a contributions by the City in the approximate amount of $232,500.

2. Directed that the Bonds be issued in the from of one bond, fully registered with a payment record attached, at an interest rate not to exceed zero percent (0%) per annum plus a one percent (1%) administrative fee; that said Bonds mature in not more than twenty years and that said Bonds be sold for the par value thereof; that the Bonds be issued; that the bonds be executed in the name of the City by the Mayor, and the seal of the City be affixed thereto and attested to by the Recorder; that such bonds be duly authenticated by the Registrar and delivered to the West Virginia Water Development authority as the Original Purchaser on behalf of the West Virginia Division of Environmental Protection.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest when due; provided for the creation of reserve accounts for the Bonds and a Renewal and Replacement Fund; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Construction Trust Fund.

5. Pledged to payment of the Bonds the Net Revenues of the System on a parity with City's Waterworks and Sewerage System Revenue Bonds, Series 1986, and the city's Waterworks and Sewerage System Revenue Bonds, Series 1991.

6. Provided upon certain conditions for the issuance of additional bonds.

7. Provided for insurance coverage on the Project; provided that the City will render no free service; provided for the enforcement of collection of fees, rates, rentals a or other charges for service.

8. Established the terms for defaults and the remedies of the Bondholders.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interest may appear before the Council of the city of Mount Hope at a special meeting thereof at 7:00 p.m., prevailing time, on May 18, 1999, at the City Hall, Main Street, Mount Hope, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on May 4, 1999, is on file with the Recorder for review by interested person during the regular hours at the City Hall, Main Street, Mount Hope, West Virginia, to-wit: 9:00 a.m. to 5:00 p.m., Monday through Friday.

Frank W. Bergendahl, Jr.
Recorder-City of Mount Hope,
West Virginia
Legal No. 326
5-13-Thu-2-FT

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of the Issuer's certified public accountant stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Series 1999 Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), in the original aggregate principal amount of $1,285,000, by the City of Mount Hope (the "Issuer"), under the terms of the Bond Ordinance authorizing the Bonds, on a parity as to liens, pledge and source of and security for payment with the Issuer's Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program) (the "Series 1999 Bonds").

WITNESS my signature on this 18th day of December, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yankoski

Authorized Representative

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. SIGNATURES
5. DELIVERY AND PAYMENT
6. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
7. MEETINGS
8. INCUMBENCY AND OFFICIAL NAME
9. RATES
10. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
11. INSURANCE
12. PAYMENT OF SERIES 1986 BONDS AND SERIES 1991 BONDS
13. OFFICIAL STATEMENT CERTIFICATION
14. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 7.2(d)
15. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
16. IRS INFORMATION RETURN
17. SPECIMEN BONDS
18. RELIANCE
19. CONFLICTS OF INTEREST
20. COUNTERPARTS

We, the undersigned Mayor and Recorder of the City of Mount Hope, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Series 2002 A Bonds" or 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 duly passed on November 19, 2002, effective December 10, 2002, as supplemented by the Supplemental Resolution duly adopted on December 10, 2002 (collectively, the "Ordinance"), and the Bond Purchase Agreement dated December 10, 2002 (the "Bond Purchase Agreement"), by and between the Issuer and Crews & Associates, Inc. (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 of the Net Revenues 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 Ordinance, 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 City Council or the authority or titles of the Mayor, Recorder, and the council members 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, nor the refunding and payment of the Series 1986 Bonds and the Series 1991 Bonds, which is not set forth in the Official Statement relating to the Bonds.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals and certificates required by law for the refunding of the Series 1986 Bonds and the Series 1991 Bonds, the operation of the System, and the issuance of the Bonds have been or will be duly and timely obtained and remain in full force and effect.

4. SIGNATURES: As of the date hereof, the Bonds were duly signed by the manual signature of the Mayor and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon and attested by manual signature of the Recorder 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 2002 A Bonds, in various denominations and numbered AR-1 to AR-6, inclusive. At the time of delivery of the Series 2002 A Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount of Series 2002 A Bonds	$1,285,000.00
Less: Underwriter's Discount	(40,000.00)
Less: Original Issue Discount	(13,724.45)
Plus: Accrued Interest (December 1 to December 18)	2,872.76
Total	$1,234,148.31

6. 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 June 30, 2001. The Issuer has obtained (i) a certificate from an independent certified public accountant stating that the coverage and parity tests of the Series 1999 Bonds have been met; and (ii) the written consent of the Registered Owners of the Series 1999 Bonds to the issuance of the Series 2002 A Bonds on a parity with the Series 1999 Bonds. The Series 2002 A Bonds shall have a first lien on the Net Revenues on a parity with the lien held by the registered owners of the Series 1999 Bonds. Upon the prepayment of the Series 1986 Bonds and the

Series 1991 Bonds on the date hereof and other than the Series 1999 Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

7. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2002 A Bonds, the operation of the System and the refunding of the Series 1986 Bonds and the Series 1991 Bonds, including without limitation, the imposition of rates and charges, were authorized or enacted at meetings of the Council of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Council of the Issuer and all applicable statutes, including without limitation, Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected, appointed, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Mount Hope." The Issuer is a municipal corporation of the State of West Virginia in Fayette County of said State. The Governing Body of the Issuer is its Council, consisting of 5 Council members, the Mayor and the Recorder, all duly elected or appointed, qualified and acting, whose names and dates of commencement and termination of their current terms of office are listed below:

Office	Name	Date Of Commencement Of Office	Date Of Termination Of Office
Mayor	Michael Martin	June 1, 2000	May 31, 2004
Recorder	Wendy Romage	June 1, 2000	May 31, 2004
Council Member	Steve Brown	June 1, 2000	May 31, 2004
Council Member	Norville Ellison	June 1, 2000	May 31, 2004
Council Member	Betty Lilly	June 1, 2000	May 31, 2004
Council Member	Mal Parker	June 1, 2000	May 31, 2004
Council Member	Jack L. Sears	June 1, 2000	May 31, 2004

The duly appointed and acting Counsel to the Issuer is John H. Shumate, Jr., Esquire, of Mount Hope, West Virginia.

9. RATES: The current water rate ordinance was enacted on July 29, 2002. The current sewer rate ordinance was enacted on July 10, 1990. The Issuer has complied with all requirements of the Public Service Commission of West Virginia to make the rates valid and effective and such rates are in full force and effect. The time for appeal of such ordinances has expired and there has been no appeal thereof.

10. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for

two successive weeks, with not less than six full days between each publication, the first such publication occurring not less than ten days before the date stated below for the public hearing, in the Fayette Tribune, a qualified newspaper of general circulation in the Issuer, there being no newspaper published therein, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on December 10, 2002, at 6:45 p.m., prevailing time, at the Mount Hope Housing Authority, Midtown Terrace, Mount Hope, West Virginia, and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

11. INSURANCE: The Issuer will maintain all insurance required under the Ordinance.

12. PAYMENT OF SERIES 1986 BONDS AND SERIES 1991 BONDS: As of the date hereof, the entire outstanding principal of the Series 1986 Bonds and the Series 1991 Bonds and all interest accrued thereon have been paid in full and the liens and pledges securing the Series 1986 Bonds and the Series 1991 Bonds have been discharged and defeased.

13. 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.

14. CERTIFICATIONS UNDER BOND PURCHASE CONTRACT SECTION 7.2(d): In addition to the foregoing, the undersigned hereby certifies, as of the date hereof, that: (i) the representations and warranties made by the Issuer in the Bond Purchase Agreement are true and correct as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Issuer has performed and complied with all agreements and conditions required by the Bond Purchase Agreement to be performed or complied with by it at or prior to the Closing Date; (iii) since the respective dates as of which information is given in the Official Statement, and except as set forth therein, there has not been any material or adverse change in the Issuer's condition, financial or otherwise; (iv) the Official Statement, insofar as it relates to the Issuer, does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) that subsequent to June 30, 2001, the date of the Issuer's most recent audited financial statements included as Appendix B of the Official Statement, there has been no material adverse change in the financial position or results of operations of the Issuer, (vi) that no litigation is pending or, to the knowledge of the Issuer, threatened against the Issuer or its officers (A) to restrain or enjoin issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Ordinance, (B) in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or the Bond Documents, (C) in any way contesting or affecting

the existence or powers of the Issuer or its ability to perform its obligations under the Bond Documents, or (D) that may materially adversely affect the financial condition or operations of the Issuer, (vii) that the Issuer has satisfied all conditions pertaining to the issuance of the Bonds pursuant to the Ordinance and all other applicable provisions, and (viii) that no event affecting the Issuer or the transactions contemplated by the Official Statement or the Bond Documents has occurred since the date of the official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used, or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading.

15. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of Bank One, West Virginia, National Association, Charleston, West Virginia, as the Registrar; Bank of Mount Hope, Inc., Mount Hope, West Virginia, as the Depository Bank; and the West Virginia Municipal Bond Commission, Charleston, West Virginia, as the Paying Agent.

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 8030-G to be filed in a timely manner with the applicable Internal Revenue Service Center. The information set forth in such Form 8038-G is true, correct and complete in all respects.

17. SPECIMEN BONDS: Attached hereto as Exhibit A is a specimen of the Series 2002 A Bonds which, except as to execution and authentication, is identical in all respects with the form attached to the Ordinance.

18. RELIANCE: 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 Jackson Kelly PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that, in rendering such opinions, said firm is relying, among other things, upon the statements made herein. Said firm is entitled to rely upon such statements.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer to any contractor supplying the Issuer, relating to the Bonds or the Ordinance, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. COUNTERPARTS: This Certificate may be executed in counterparts and all such parts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of the City of Mount Hope, West Virginia, on this 18th day of December, 2002.

[SEAL]

Signature	Official Title
	Mayor
Wendy L. Romage	Recorder
John H. Shumate Jr	Counsel to Issuer

12/16/02
003099/303

EXHIBIT A

See Specimen Bond (Tab No. 8).

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of the City of Mount Hope (the "Issuer"), being an official of the Issuer duly charged with the responsibility for the issuance of the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002 (the "Bonds" or the "Series 2002 A Bonds"), hereby certify as follows, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance passed on November 19, 2002, effective December 10, 2002, as supplemented by the Supplemental Resolution adopted on December 10, 2002 (collectively, the "Ordinance"), pursuant to which the Bonds are issued:

A. DEFINITIONS

The following words and phrases shall have the following meanings or such meanings required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the same meaning set forth in the Ordinance.

"Bona Fide Debt Service Fund" means 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 of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"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.

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

"Computation Date" means each date on which the Rebate Amount for the Bonds is computed under Section 1.148-3(e) of the Regulations.

"Computation Date Credit" means $1,000 for each Bond Year during which there are Gross Proceeds subject to rebate, or such other amount as may then be permitted by the Regulations.

"Computation Period" means the period between computation dates. The first computation period begins on the issue date and ends on the first computation date. Each succeeding computation period begins on the date immediately following the computation date and ends on the next computation date.

"Cost of Issuance" means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, issuance costs include the following costs but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters' spread; counsel fees; financial advisory fees; rating agency fees; trustee fees; paying agent fees; bond registrar, certification, and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than for qualified guarantees (as defined in Section 1.148-4(f) of the Regulations); and similar costs.

"Date of Issue" means December 18, 2002.

"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 for such Bond and no interest accrues with respect to such Bond after such date.

"Fair Market Value" means fair market value as defined in Section 1.148-5(d)(6) of the Regulations.

"Final Computation Date" means the date on which the last Bond is Discharged.

"Future Value" means the future value of a payment or receipt at the end of any period, determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the issue, using the same compounding interval and financial conventions used to compute that yield as provided under Section 1.148-3(c) of the Regulations.

"Gross Proceeds" means any Proceeds and Replacement Proceeds of the Bonds, all as defined in the Regulations.

"Investment" means any investment property as defined in Sections 148(b)(2) and 148(b)(3) of the Code and any other tax-exempt bond.

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Bonds.

"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).

"IRS" means the Internal Revenue Service.

"Issue Price" means, with respect to the Bonds, $1,274,148.31(par amount, less original issue discount, plus accrued interest) or $1,271,275.55, if accrued interest is excluded.

"Net Sales Proceeds" means Sale Proceeds, less the portion 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 Property, as defined in Section 148(b) of the Code, that is not a Purpose Investment.

"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.

"Proceeds" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of the Bonds. Proceeds do not include, however, amounts actually or constructively received with respect to a Purpose Investment 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 costs recoverable under Section 1.148-5(e) of the Regulations.

"Purpose Investment" means an Investment that is acquired to carry out the governmental purpose for which the Bonds were issued.

"Rebate Amount" means 100% of the amount owed to the United States under Section 148(f)(2) of the Code, as further described in Section 1.148-3 of the Regulations.

"Rebate Analyst" means the entity or person chosen by the Issuer in accordance with Section E(6) hereof to determine the Rebate Amount.

"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) 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 Bonds.

"Replacement Proceeds" means replacement proceeds as defined in Section 1.148-1(c) of the Regulations.

"Sale Proceeds" means any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriters' discount or 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 bond, and that is described in Section 1.148-4(b)(4) of the Regulations.

"Tax-Exempt Bond" means any bond the interest on which is excludable from gross income under Section 103(a) of the Code. For purposes of Section 148 of the Code, tax-exempt bond includes:

(1) An interest in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is interest that is excludable from gross income under Section 103 of the Code; and

(2) A certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR part 344.

"Transferred Proceeds" means transferred proceeds as defined in Section 1.148-9 of the Regulations.

"Underwriter" means Crews & Associates, Inc., Charleston, West Virginia.

"Value" means value determined under Section 1.148-4(e) of the Regulations for the Bonds, and value determined under Section 1.148-5(d) for an Investment.

"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" means required to be invested at a Yield that is not materially higher than the Yield on the Bonds under Section 148(a) of the Code and Section 1.148-2 of the Regulations.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. The undersigned officer of the Issuer is charged with the responsibility of issuing the Bonds, is familiar with the facts, circumstances, and estimates herein certified and is 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 IRS of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the IRS because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 18, 2002, the date on which the Bonds are to be physically delivered in exchange for the purchase 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 Ordinance that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, so that the Series 2002 Bonds will not constitute "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Bonds were sold on December 18, 2002, to the Underwriter for a purchase price of $1,231,275.55(face amount of $1,285,000, less underwriter's discount of $40,000, less original issue discount of $13,724.45), plus interest accrued thereon in the amount of $2,872.76 (total of $1,234,148.31).

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing moneys, together with the moneys transferred from the Series 1986 Bonds and the Series 1991 Bonds Reserve Accounts, necessary (i) to prepay the Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds") and the Waterworks and Sewerage System Revenue Bonds, Series 1991(the "Series 1991 Bonds"), of the Issuer on December 18, 2002; (ii) to fund a reserve account for the Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) to pay costs of issuance of the Bonds and related costs.

8. The Series 1986 Bonds and the Series 1991 Bonds were issued for the purpose of providing funds to finance the costs of acquisition and construction of certain additions, betterments and improvements to the existing combined waterworks and sewerage system of the Issuer.

9. The face amount of the Bonds is $1,285,000. The sources and uses of the proceeds of the Bonds and the moneys transferred from the Series 1986 Bonds and the Series 1991 Bonds Reserve Accounts in connection with the refunding of the Series 1986 Bonds and the Series 1991 Bonds are as follows:

Sources

Principal Amount of the Series 2002 A Bonds	$ 1,285,000.00
Original Issue Discount	(13,724.45)
Accrued Interest	2,872.76
Transfer from the 1986 and 1991 Reserve Accounts	$ 138,552.02
Total Sources	$ 1,412,700.33

Uses

Prepayment of Series 1986 and 1991 Bonds	$ 1,326,774.06
Series 2002 A Bonds Reserve Account	1,040.00
Costs of Issuance[1]	42,013.51
Underwriter's Discount	40,000.00
Accrued Interest to Series 2002 A Bonds Sinking Fund	2,872.76
Total Uses	$ 1,412,700.33

[1]Representing legal and financing fees, printing costs and other miscellaneous expenses relating to the issuance of the Bonds.

10. The Underwriter has stated, in its certificate, a copy of which is attached hereto as EXHIBIT A - CERTIFICATE OF UNDERWRITER (the "Underwriter's Certificate") that the 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 of the Bonds, including interest accrued on the Bonds. The computation of the yield on the Bonds has been determined by the Underwriter, using the present value method in accordance with Section 1.148-5 of the Regulations and using a 360-day year, compounding interest semiannually. The Yield on the Bonds, as so computed, has been determined to be 5.1121166%, based on a "purchase price" equal to the Issue Price for the Bonds (including accrued interest thereof).

C. THE REFUNDING

1. On the date hereof, Issuer has used $1,188,222.04 from the proceeds of the Series 2002 A Bonds and $138,552.02 from moneys in the Reserve Accounts of the Series 1986 Bonds and the Series 1991 Bonds (total of $1,326,774.06) to prepay in full the entire outstanding principal amount of the Series 1986 Bonds and the Series 1991 Bonds and all interest accrued thereon.

D. THE BONDS

1. Using the initial offering price of the Bonds as the "purchase price" and taking into account accrued interest as described below, the yield on the Bonds is computed to be 5.1121166% (the "Bond Yield").

2. The Series 2002 A Bonds Sinking Fund (the "Sinking Fund") has been created under the Ordinance. Moneys deposited to the Sinking Fund (other than the Reserve Account), 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 Bonds. The Bonds all bear interest at a fixed rate and the average maturity of the Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond year. All moneys held in the Sinking Fund will be used to pay debt service on the Bonds. All Sale Proceeds of the Bonds deposited in the Sinking Fund will constitute accrued interest on the Bonds and will be applied to pay interest on the Bonds on the first Interest Payment Date, being March 1, 2003. The Sinking Fund qualifies as a Bona Fide Debt Service Fund and all moneys in the Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

3. The Series 2002 A Bonds Reserve Account (the "Reserve Account") has been created under the Ordinance. The Reserve Account is being funded with proceeds of the Series 2002 A Bonds in the amount of $1,040, being 1/120th of the Series 2002 A Bonds Reserve Requirement (the "Reserve Requirement"). The balance of the Reserve Requirement will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2002 A Bonds Reserve Account hold an amount equal to the maximum amount of

principal and interest which will mature and become due on the Bonds in any year. The moneys in the Reserve Account will be invested without restriction as to yield.

4. A Renewal and Replacement Fund is created under the Ordinance, 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 Bonds, and depletion in full of the Reserve Accounts, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Bonds. Such moneys will be invested without restriction as to yield and are not subject to rebate.

5. A Costs of Issuance Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of $42,013.51 to pay costs of issuance. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such moneys will be invested without restriction as to yield and are not subject to rebate.

6. 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 Bonds or which are pledged as collateral to secure repayment of debt service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds.

7. Accrued interest with respect to the Bonds in an amount less than 6 month's interest on the Bonds will be applied within one year from the date hereof toward the payment of interest first due on the Bonds on March 1, 2003. Pending such disbursement, such monies will be invested without restriction as to yield.

E. REBATE - SMALL ISSUER EXEMPTION

The Issuer reasonably expects to issue $5,000,000 or less during calendar year 2002 and therefore meets the small issuer exception to rebate because: the Issuer is a governmental unit and has general taxing powers; the Bonds are not private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2002, the calendar year in which the Bonds are issued, is not reasonably expected to exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in

the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer. The Series 2002 A Bonds are the only bonds issued by the Issuer (including any subordinate entity) during calendar year 2002.

F. BANK QUALIFIED

The Issuer does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and bonds issued to currently refund any obligation of the Issuer) during the calendar year 2002 and in the Ordinance designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The Series 2002 A Bonds are the only bonds issued by the Issuer during calendar year 2002.

G. EXCESS MONEYS.

All excess moneys, estimated at $13,000, held in the Series 1986 Bonds and the Series 1991Bonds Reserve Accounts will be transferred to the Issuer, and said funds will be applied to the payment of capital expenses related to the Issuer's upgrade of the System. Such money shall be expended within six months of the date hereof and pending expenditure shall be invested at a yield not to exceed the yield as the Bonds.

H. MISCELLANEOUS

1. The amount designated as "Cost of Issuance" of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds and refunding of the Series 1986 Bonds and the Series 1991 Bonds.

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

3. None of the proceeds of the 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.

4. The original proceeds of the 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.

5. The Issuer shall use the proceeds of the Bonds solely to accomplish the prepayment of the Series 1986 Bonds and the Series 1991 Bonds, to fund the Reserve Account, and to pay costs of issuance.

6. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the

Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

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

8. 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 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 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.

9. The Issuer shall comply with the general allocation and accounting rules set forth in Section 1.148-6 of the Regulations and the special arbitrage rules for refunding issues set forth in Section 1.148-9 of the Regulations.

10. No portion of the proceeds of the Bonds will be used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher that the Yield on the Bonds.

11. In connection with the 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 certificate), including, without limitation, any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangements providing for compensation or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Bonds.

12. The 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, that would otherwise be necessary.

13. 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 Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

14. Gross Proceeds of the Bonds, other than gross proceeds that are allocable to:

(a) the payment of principal of, premium, if any, and interest on the Series 1986 Bonds and the Series 1991 Bonds;

(b) the payment of pre-issuance accrued interest on the Bonds from December 1, 2002, to December 18, 2002;

(c) the payment of the Costs of Issuance of the Bonds;

(d) the payment of administrative costs allocable to prepaying the Series 1986 Bonds and the Series 1991 Bonds, or carrying and repaying the Bonds, or the reasonable investments of proceeds of the Bonds;

(e) transferred proceeds allocable to expenditures for governmental purposes of the Series 1986 Bonds and the Series 1991 Bonds;

(f) amounts deposited in the Sinking Fund (including investment earnings thereon) to pay debt service on the Bonds; and

(g) qualified guarantee fees (within the meaning of the Regulations) for the Bonds, the Series 1986 Bonds or the Series 1991 Bonds;

will not exceed 1% of the Sale Proceeds from the Bonds.

15. The issuance of the 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.

16. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

17. 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 IRS, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

18. The Issuer has retained the right to amend the Ordinance authorizing the issuance of the 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 Bonds from the gross income of the owners thereof.

19. The Issuer shall comply with all yield restrictions on Bond proceeds as set forth in the Code.

20. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, 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 Ordinance.

21. The Bonds are a fixed yield issue. No interest or other amount payable on any of the 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.

22. 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 certified 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 Bonds.

23. 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.

24. Jackson Kelly PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinion regarding the tax-exempt status of interest on the Bonds.

25. Notwithstanding any other provision hereof, any provision of this 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 Bonds from gross income of the recipients thereof for federal income tax purposes.

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

WITNESS my signature this 18th day of December, 2002.

City of Mount Hope

Mayor

12/13/02
003099/00303

M0379734.1

EXHIBIT A

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

CERTIFICATE OF UNDERWRITER

The undersigned, Greg Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and behalf of the Underwriter, as purchaser of the above-captioned bonds (the "Bonds") of the City of Mount Hope (the "Issuer") hereby certifies that:

1. At least 10% of each maturity 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 December 10, 2002, by and between the Issuer and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated December 10, 2002, relating to the Bonds, including interest accrued on the Bonds from December 1, 2002, to December 18, 2002. We have made a bona fide public offering of all Bonds at the public offering price. 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 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, including interest accrued on the Bonds from December 1, 2002, to December 18, 2002.

2. The level of funding of the Reserve Account established by the Ordinance authorizing issuance of the Bonds is reasonable and necessary. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Reserve Account is equal to the lesser of (i)10% of the original stated principal amount of the Bonds; (ii) the maximum amount of principal and interest which will become due on the Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Bonds.

3. The weighted average maturity of the Bonds is 10.283 years.

4. The weighted average maturity of the Series 1986 Bonds is 9.371 years and the weighted average maturity of the Series 1991 Bonds is 17.839 years.

5. The net interest cost on the Bonds is 5.2192843% and the yield on the Bonds is 5.1121166%.

6. This certificate may be relied upon by the Issuer with respect to completion of its Certificate As to Arbitrage and IRS Form 8038-G relating to the Bonds, and by Jackson Kelly PLLC in rendering its tax opinion with respect to the Bonds.

WITNESS my signature on this 18th day of December, 2002.

CREWS & ASSOCIATES, INC.

_____

Vice President

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly elected Recorder of the City of Mount Hope, West Virginia (the "Issuer"), hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds") are, as of the date hereof, true, complete and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted, enacted or entered by the Council of the Issuer, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter.

2. Oaths of Office of Mayor, Recorder and Council Members.

3. Bond Ordinance.

4. Supplemental Resolution.

5. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

6. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

7. Water Development Authority Consent to Issuance of Parity Bonds.

8. Receipt of Payment of Series 1986 Bonds and Series 1991 Bonds.

WITNESS my signature and the official seal of the City of Mount Hope, West Virginia, on this 18th day of December, 2002.

Wendy L. Romage
Recorder

[SEAL]

12/10/02
003099/00303

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

CERTIFICATE OF UNDERWRITER

The undersigned, Greg Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and behalf of the Underwriter, as purchaser of the above-captioned bonds (the "Bonds") of the City of Mount Hope (the "Issuer") hereby certifies that:

1. At least 10% of each maturity 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 December 10, 2002, by and between the Issuer and the Underwriter, at initial offering prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated December 10, 2002, relating to the Bonds, including interest accrued on the Bonds from December 1, 2002, to December 18, 2002. We have made a bona fide public offering of all Bonds at the public offering price. 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 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, including interest accrued on the Bonds from December 1, 2002, to December 18, 2002.

2. The level of funding of the Reserve Account established by the Ordinance authorizing issuance of the Bonds is reasonable and necessary. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Reserve Account is equal to the lesser of (i)10% of the original stated principal amount of the Bonds; (ii) the maximum amount of principal and interest which will become due on the Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Bonds.

3. The weighted average maturity of the Bonds is 10.283 years.

4. The weighted average maturity of the Series 1986 Bonds is 9.371 years and the weighted average maturity of the Series 1991 Bonds is 17.839 years.

5. The net interest cost on the Bonds is 5.2192843% and the yield on the Bonds is 5.1121166%.

6. This certificate may be relied upon by the Issuer with respect to completion of its Certificate As to Arbitrage and IRS Form 8038-G relating to the Bonds, and by Jackson Kelly PLLC in rendering its tax opinion with respect to the Bonds.

WITNESS my signature on this 18th day of December, 2002.

CREWS & ASSOCIATES, INC.

Vice President

LAWRENCE A. MISITI
CERTIFIED PUBLIC ACCOUNTANT
211 PERDUE STREET
BECKLEY, WEST VIRGINIA 25801
304/253-2401

December 18, 2002

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

City of Mount Hope
Mount Hope, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I have reviewed the water and sewer service rates of the City of Mount Hope (the "Issuer"), enacted by the Issuer on July 29, 2002, and July 10, 1990, respectively, and the current operating expenses and customer usage provided by the Issuer. It is my opinion that such rates are adequate (i) to provide for all operating expenses of the combined waterworks and sewerage system of the Issuer (the "System"), and (ii) to leave a balance each fiscal year equal to at least 115% of the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the Issuer' s Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Series 2002 A Bonds") and all other obligations secured by or payable from revenues of the System on a parity with the Series 2002 A Bonds, including the Issuer' s Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program) (the "Series 1999 Bonds").

LAWRENCE A. MISITI
CERTIFIED PUBLIC ACCOUNTANT
211 PERDUE STREET
BECKLEY, WEST VIRGINIA 25801
304/253-2401

It is further my 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 Series 2002 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the issuance of the Series 2002 A Bonds, will not be less than 115% of the largest aggregate amount which will mature and become due in any succeeding fiscal year for principal of and interest on the Series 1999 Bonds and the Series 2002 A Bonds.

Based upon my review, comparison and analysis of the net interest cost in dollars of the Series 2002 A Bonds and the net interest cost in dollars of the Waterworks and Sewerage System Revenue Bonds, Series 1986 and Waterworks and Sewerage System Revenue Bonds, Series 1991, the amount of saving stated to be achieved by the refunding has in fact been saved.

Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance authorizing the Series 2002 A Bonds.

Very truly yours,

Lawrence Misiti, CPA

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

RECEIPT FOR BONDS

The undersigned, Greg Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), hereby certifies as follows:

1. On the 18th day of December, 2002, in Charleston, West Virginia, the Underwriter received through The Depository Trust Company the entire aggregate principal amount of the $1,285,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, of the City of Mount Hope (the "Issuer"), dated December 1, 2002, issued in various denominations, and numbered AR-1 to AR-6, inclusive (the "Bonds").

2. At the time of such receipt of the Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Bonds.

WITNESS my signature on this 18th day of December, 2002.

CREWS & ASSOCIATES, INC.

Vice President

12/16/02
003099/303

M0379752.1

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

RECEIPT FOR BOND PROCEEDS

The undersigned Mayor of the City of Mount Hope (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the 18th day of December, 2002, the Issuer received and hereby acknowledges receipt from Crews & Associates, Inc. (the "Underwriter"), as the original purchaser of the City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A , dated December 1, 2002 (the "Bonds"), of the purchase price of the Bonds as follows:

Par Amount of Series 2002 A Bonds		$1,285,000.00
Less:	Underwriter's Discount	(40,000.00)
Less:	Original Issue Discount	(13,724.45)
Plus:	Accrued Interest (December 1 to December 18)	2,872.76
	TOTAL	$1,234,148.31

Payment for the Bonds was made in immediately available funds (federal funds wire).

WITNESS my signature on this 18th day of December, 2002.

CITY OF MOUNT HOPE

Mayor

12/10/02
003099/00303

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER THE BONDS

Bank One, West Virginia, National Association,
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. AR-1 through AR-6, constituting the entire original issue of the City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, in the aggregate principal amount of $1,285,000 (the "Bonds"), all executed by the Mayor and the Recorder of the City of Mount Hope (the "Issuer"), and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Bond Ordinance passed by the Council of the Issuer on November 19, 2002, effective December 10, 2002, as supplemented by Supplemental Resolution adopted by the Council of the Issuer on December 10, 2002 (collectively, the "Ordinance").

2. Copies of the Ordinance certified by the Recorder of the Issuer.

3. A list of the names in which the Bonds are to be registered upon original issue: CEDE & CO.

4. A signed, unqualified approving opinion of Jackson Kelly PLLC as bond counsel.

5. Such other documents, certifications and verifications as the original purchaser may reasonably require.

You are hereby requested and authorized, pursuant to Section 3.12 of the Ordinance, to authenticate, register and deliver the Bonds to The Depository Trust Company, New York, New York, for the account of Crews & Associates, Inc., as the original purchaser thereof.

Dated this 18th day of December, 2002.

CITY OF MOUNT HOPE

[SEAL]

Mayor

ATTEST:

Wendy L. Pomage

Recorder

12/12/02
003099/00303

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 18th day of December, 2002, by and between the CITY OF MOUNT HOPE, WEST VIRGINIA, a municipal corporation (the "Issuer"), and BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), in the total aggregate principal amount of $1,285,000, pursuant to a Bond Ordinance duly passed by the Issuer on November 19, 2002, effective December 10, 2002, and a Supplemental Resolution duly adopted December 10, 2002 (collectively, the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

ISSUER:

City of Mount Hope
P.O. Box 151
Mount Hope, WV 25880
Attention: Mayor

REGISTRAR:

Bank One, West Virginia, National Association
Bank One Center
707 Virginia Street, East
Charleston, WV 25301
Attention: Corporate Trust Department

The Issuer and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

CITY OF MOUNT HOPE

Mayor

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION

Lorene B. Mullins

Authorized Officer

12/16/02
003099/00303

3.10

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

REGISTRAR'S CERTIFICATE

Bank One, West Virginia, National Association, Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein have the same meanings set forth in the Bond Ordinance of the City of Mount Hope (the "Issuer") passed on November 19, 2002, effective December 10, 2002, as supplemented by a Supplemental Resolution adopted on December 10, 2002 (collectively, the "Ordinance"):

1. The Bank is a national banking association 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 Ordinance and to serve in the capacities of Registrar under the Ordinance.

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 Ordinance, 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
Lorene B. Mullins	Vice President	Lorene B. Mullins

M0379751.1

5. There have been filed with the Bank all of the documents listed in the Ordinance and the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Ordinance.

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.

WITNESS my signature on this 18th day of December, 2002.

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION

By _____

Its: Vice President

12/11/02
003099/00303

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EXHIBIT A

SERIES 2002 A BOND TERMS

Bond No.	CUSIP	Maturity Date	Principal Amount	Interest Rate	Yield	Price
AR-1	621621 BA8	March 1, 2008	$330,000	4.0%	3.999%	100%
AR-2	621621 BB6	March 1, 2013	$385,000	4.7%	4.699%	100%
AR-3	621621 BC4	March 1, 2017	$390,000	5.0%	5.250%	97.511%
AR-4	621621 BD2	March 1, 2022	$ 50,000	5.4%	5.600%	97.656%
AR-5	621621 BE0	March 1, 2025	$ 35,000	5.5%	5.700%	97.489%
AR-6	621621 BF7	March 1, 2031	$ 95,000	5.7%	5.850%	97.930%

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

CERTIFICATE OF AUTHENTICATION
AND CURRENCY

The undersigned officer of BANK ONE TRUST COMPANY, NA hereby certifies that this is a true and complete copy of the Certificate of Fiduciary Powers which is in ful force and effect as of the ____ day of _____.

By _____
Authorized Signature

CERTIFICATE

I, John D. Hawke, Jr., Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession, custody and control of all records pertaining to the chartering of all National Banking Associations.

2. "Bank One Trust Company, National Association," Columbus, Ohio, (Charter No. 16235) is a National Banking Association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this Certificate.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the Treasury Department in the City of Washington and District of Columbia, this 24th day of March, 1999.

John D. Hawke, Jr.

Comptroller of the Currency

BANK ONE TRUST COMPANY, NA

Article III, Section 3.04 of the By Laws read as follows:

"SECTION 3.04 EXECUTION OF DOCUMENTS. Any member of the Bank's management staff or any employee of the Bank designated as an officer on the Bank's payroll system is hereby authorized for and on behalf of the Bank to sell, assign, lease, mortgage, transfer, deliver and convey any real or personal property, including shares of stock, bonds, notes, certificates of indebtedness (including the assignment and redemption of registered United States obligations) and all other forms of intangible property now or hereafter owned by or standing in the name of the Bank, or its nominee, or held by the Bank as collateral security, or standing in the name of the Bank, or its nominee, in any fiduciary capacity or in the name of any principal for whom this Bank may now or hereafter be acting under a power of attorney or as agent, and to execute and deliver such partial releases from any discharges or assignments of mortgages and assignments or surrender of insurance policies, deeds, contracts, assignments or other papers or documents as may be appropriate in the circumstances now or hereafter held by the Bank in its own name, in a fiduciary capacity, or owned by any principal for whom this Bank may now or hereafter be acting under a power of attorney or as agent; provided, however, that, when necessary, the signature of any such person shall be attested or witnessed in each case by another officer of the Bank.

Any member of the Bank's management staff or any employee of the Bank designated as an officer on the Bank's payroll system is hereby authorized for and on behalf of the Bank to execute any indemnity and fidelity bonds, trust agreements, proxies or other papers or documents of like or different character necessary, desirable or incidental to the appointment of the Bank in any fiduciary capacity, the conduct of its business in any fiduciary capacity, or the conduct of its other banking business; to sign and issue checks, drafts, orders for the payment of money and certificates of deposit; to sign and endorse bills of exchange, to sign and countersign foreign and domestic letters of credit, to receive and receipt for payments of principal, interest, dividends, rents, fees and payments of every kind and description paid to the Bank, to sign receipts for money or other property acquired by or entrusted to the Bank, to guarantee the genuineness of signatures on assignments of stocks, bonds or other securities, to sign certifications of checks, to endorse and deliver checks, drafts, warrants, bills, notes, certificates of deposit and acceptances in all business transactions of the Bank; also to foreclose any mortgage, to execute and deliver receipts for any money or property; also to sign stock certificates for and on behalf of this Bank as transfer agent or registrar, and to authenticate bonds, debentures, land or lease trust certificates or other forms of security issued pursuant to any indenture under which this Bank now or hereafter is acting as trustee or in any other fiduciary capacity; to execute and deliver various forms of documents or agreements necessary to effectuate certain investment strategies for various fiduciary or custody customers of the Bank, including, without limitation, exchange funds, options, both listed and over-the-counter, commodities trading, futures trading, hedge funds, limited partnerships, venture capital funds, swap or collar transactions and other similar investment vehicles for which the Bank now or in the future may deem appropriate for investment of fiduciary customers or in which non-fiduciary customers may direct investment by the Bank.

Without limitation on the foregoing, the Chief Executive Officer, Chairman of the Board, or President of the Bank shall have the authority from time to time to appoint officers of the Bank as Vice President for the sole purpose of executing releases or other documents incidental to the conduct of the Bank's business in any fiduciary capacity where required by state law or the governing document. In addition, other persons in the employment of the Bank or its affiliates may be authorized by the Chief Executive Officer, Chairman of the Board, President, Senior Managing Directors, Managing Directors, or Chief Financial Officer to perform acts and to execute the documents described in the paragraph above, subject, however, to such limitations and conditions as are contained in the authorization given to such person. "

ELECTION OF OFFICERS

Pursuant to authority vested in the Chairman of the Board and Chief Executive Officer of BANK ONE CORPORATION ("Corporation") by resolution adopted by the Board of Directors of the Corporation on October 20, 1998 (effective October 2, 1998) and by resolutions subsequently adopted by the Boards of Directors of its subsidiary banks, which authority was delegated to me as the Head of Human Resources through a delegation of authority executed by the Chairman on November 23, 1998 (effective October 2, 1998), I hereby elect each officer of each subsidiary bank listed on the "Multiple Bank Officership List" maintained by the Corporate Secretary's office (as such List is in effect from time to time), an officer of each of the banks on such List (to the extent not currently an officer), with the requisite authority to discharge any and all responsibilities of his or her position, as such position may be in effect from time to time, and to hold such office for a term effective as of January 1, 1999, and expiring on the date of his or her earlier death, resignation, removal or termination of employment. In the event the banks listed on the Multiple Bank Officership List change after the date hereof, the individuals listed on the Exhibits shall be, on any given day hereafter, officers of each of the banks so listed.

Timothy P. Moen
Head of Human Resources
BANK ONE CORPORATION

Date: 1/28/99

electionall.doc

Multiple Bank Officership List

American National Bank and Trust Company of Chicago
Bank One, Arizona, National Association
Bank One, Colorado, National Association
Bank One, Illinois, National Association
Bank One, Indiana, National Association
Bank One, Kentucky, National Association
Bank One, Louisiana, National Association
Bank One, National Association
Bank One, Oklahoma, National Association
Bank One, Texas, National Association
Bank One, Trust Company, National Association
Bank One, Utah, National Association
Bank One, West Virginia, National Association
Bank One, Wheeling-Steubenville, National Association
Bank One, Wisconsin
The First National Bank of Chicago
NBD Bank (Detroit, Michigan)
NBD Bank (Elkhart, Indiana)
NBD Bank (Venice, Florida)
NBD Bank, National Association (Indianapolis, Indiana)

as of 11/17/98

jzhMultBankO.doc

APPOINTMENT OF ASSISTANT SECRETARIES

Pursuant to the authority vested in the Secretary of the Board of Bank One Trust Company, NA, by Section 3.03 of the Bank's By-Laws as last amended January 1, 1998, to designate certain officers of the Bank as Assistant Secretary to perform the duties of Secretary, I hereby designate the following named persons as Assistant Secretary of Bank One Trust Company, NA, effective as of the date hereafter set forth, with the requisite authority to discharge any and all responsibilities of his or her position, as such position may be in effect from time to time, and to hold such office for a term commencing May 4, 1999, and expiring on the earliest of such person's resignation, removal, or termination of employment:

Kathleen D. Back
J. Michael Banas
Sandra L. Caruba
Stephen L. Geifman
Patricia A. Kenney
Henry Kleschen III
Gregory S. Patrell
John R. Prendiville
Michael L. Tucker
James Van Duerm
Steven M. Wagner

Date: May 4, 1999

Herbert J. Sliger, Jr.
Secretary
Bank One Trust Company, NA

[50756]

CERTIFICATE OF AUTHORITY AND INCUMBENCY

I, Kathleen D. Back, an Assistant Secretary of Bank One Trust Company, NA, Columbus, Ohio, hereby certify that the individuals whose names and specimen signatures appear below are officers of Bank One Trust Company, NA, a national banking association, and that the undersigned have also been elected officers of American National Bank and Trust Company of Chicago, Bank One, Arizona, National Association, Bank One, Colorado, National Association, Bank One, Illinois, National Association, Bank One, Indiana, National Association, Bank One, Kentucky, National Association, Bank One, Louisiana, National Association, Bank One, National Association, Bank One, Oklahoma, National Association, Bank One, Texas, National Association, Bank One, Trust Company, National Association, Bank One, Utah, National Association, Bank One, West Virginia, National Association, Bank One, Wheeling-Steubenville, National Association, Bank One, Wisconsin, National Association, The First National Bank of Chicago, NBD Bank (Detroit, Michigan), NBD Bank (Elkhart, Indiana), NBD Bank (Venice, Florida), NBD Bank, National Association (Indianapolis, Indiana) with the requisite authority to discharge any and all responsibilities of their positions, as such position may be in effect from time to time, including, without limitation, the authority to execute any documents necessary and appropriate in the premises.

Name	Title	Signature
G. Thomas Sauvageot Authorized Officer	Vice President	G. Thomas Sauvageot
Lorene B. Mullins Authorized Officer	Vice President	Lorene B. Mullins

BANK ONE TRUST COMPANY, NA

By Kathleen D. Back
Kathleen D. Back
Assistant Secretary

Dated at Indianapolis, Indiana this
_____day of _____, 1999

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

NEW ISSUE REPORT FORM
Date of Report: December 18, 2002

ISSUE: City of Mount Hope Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A

ADDRESS: P.O. Box 151, Mount Hope, WV 25880 COUNTY: Fayette

PURPOSE OF ISSUE: New Money ____ Refunding X Refunds issue(s) dated: March 6, 1986 & February 25, 1991

ISSUE DATE: December 1, 2002 CLOSING DATE: December 18, 2002

ISSUE AMOUNT: $1,285,000 RATE: See attached schedule

1st DEBT SERVICE DUE: March 1, 2003 1st PRINCIPAL DUE: March 1, 2003

1st DEBT SERVICE AMOUNT: See attached schedule PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS COUNSEL: Goodwin & Goodwin LLP
Contact Person: William K. Bragg, Jr.
Phone: (304) 346-7000

CLOSING BANK: Bank One, WV, NA
Contact Person: Lorene Mullins
Phone: (304) 348-4463

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Michael Martin
Position: Mayor
Phone: (304) 877-2211

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE: X

By X Wire X
____ Check ____

Accrued Interest: $2,872.76
Capitalized Interest: $____
Reserve Account: $1,040.00
Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By X Wire ____ To Escrow Trustee: $____
____ Check ____ To Issuer: $____
____ IGT ____ To Cons. Invest. Fund $____
X To Other: Bank of Mt. Hope $24,557.10 (from 1991 Reserve Acct)

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ____
Transfers Required: ____

12/16/02
003099/00303

M0379766.1

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

City of Mount Hope
[Name of Issuer]

December 4, 2002
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
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 Mount Hope
(Issuer)

By: [signature]
(Authorized Officer's Signature)

Michael Martin, Mayor
(Typewrite Name & Title)

P.O. Box 151, City Hall
(Street Address)

Mount Hope (City) WV (State) 25880 (Zip)

(304) 877-2211
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: [signature]

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

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). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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, but Beneficial Owners are 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 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no 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 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.

[6. Redemption notices shall be sent to Cede & Co. 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. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

JACKSONKELLY
ATTORNEYS AT LAW PLLC

1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

February 14, 2003

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Re: City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage System Refunding
Revenue Bonds, Series 2002 A

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with respect to the above-captioned bonds. 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, stamped envelope.

Thank you for your attention to this matter.

Very truly yours,

Samme L. Gee

SLG/lp

Enclosure

cc: Mayor Michael Martin *(w/enc.)*

Form **8038-G**
(Rev. November 2000)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ▶ ☐

1 Issuer's name: City of Mount Hope
2 Issuer's employer identification number: 55 : 6000219
3 Number and street (or P.O. box if mail is not delivered to street address): P.O. Box 151 — Room/suite
4 Report number: 3 2002-1
5 City, town, or post office, state, and ZIP code: Mount Hope, WV 25880
6 Date of issue: 12/18/2002
7 Name of issue: Combined Waterworks & Sewerage System Refunding Revenue Bonds, Series 2002 A
8 CUSIP number: 621621BF7
9 Name and title of officer or legal representative whom the IRS may call for more information: Michael Martin, Mayor
10 Telephone number of officer or legal representative: (304) 877-2211

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

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	1,271,275.55
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐
20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	3/1/2031	$ 1,271,275.55	$ 1,285,000	10.283 years	5.1121166 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	2,872.76
23	Issue price of entire issue (enter amount from line 21, column (b))			23	1,271,275.55
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	82,013.51		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	1,040.00		
27	Proceeds used to currently refund prior issues	27	1,188,222.04		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	1,271,275.55
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	0

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 ▶ 11.115392 years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years
33 Enter the last date on which the refunded bonds will be called ▶ 12/18/2002
34 Enter the date(s) the refunded bonds were issued ▶ 3/6/86 & 2/25/91

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 (see instructions)	36a	
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐
40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

▶ [signature] December 18, 2002 ▶ Michael Martin, Mayor
Signature of issuer's authorized representative — Date — Type or print name and title

City of Mount Hope
Refunding Revenue Bonds
USDA Project (1986 & 1991), Series 2002 A

Closing Date: December 18, 2002
DTC FAST CLOSING

SOURCES:		
Par Amount of Bonds		1,285,000.00
Original Issue Discount		(13,724.45)
Accrued Interest from 12/01/02 to 12/18/2002		2,872.76
Transfers from prior DSR funds (1986 & 1991 Bonds)		138,552.02
TOTAL SOURCES OF FUNDS		1,412,700.33
USES:		
Deposit to USDA		
1986 Loan		1,053,461.00
1991 Loan		273,313.06
Total		1,326,774.06
2002 Reserve Fund		1,040.00
Underwriters Discount		40,000.00
Costs of Issuance:		
Bond Counsel - Jackson Kelly	20,000.00	
Underwriter's Counsel - Goodwin & Goodwin	15,000.00	
Issuer's Counsel - John Shumate, Esquire*	2,000.00	
Accounting Services - Larry Misiti	500.00	
Printing/Shipping	1,000.00	
Registrar	1,000.00	
Miscellaneous	500.00	
Underwriting Expenses - Crews		
PSA	NA	
MSRB	NA	
DTC	NA	
CUSIP	NA	
*estimates		
Total Costs of Issuance	40,000.00	40,000.00
Deposit 2002 Sinking Fund (Accrued Interest)		2,872.76
Rounding		2,013.51
TOTAL USES OF FUNDS		1,412,700.33
		0.00

CONTACTS:

Bank of Mount Hope
Debbie Terry (Wires)
304-877-5551

Bank One
Lorene Mullins
304-348-4463

Jackson Kelly
Samme L. Gee
304-340-1318 Tel

Municipal Bond Commission
Witter Hallan
304-558-3971

DTC
212-855-3753 Tel
212-855-3704 Tel

Crews and Associates BD# 5158
Nnamdi Thompson 1-800-766-2000
Barry Cunningham 304-344-1733

CUSIPS

3/1/2008	$330,000	621621 BA 8
3/1/2013	$385,000	621621 BB 6
3/1/2017	$390,000	621621 BC 4
3/1/2022	$ 50,000	621621 BD 2
3/1/2025	$ 35,000	621621 BE 0
3/1/2031	$ 95,000	621621 BF 7

WIRE INSTRUCTIONS:

From: Crews & Associates, Inc. ⟹ **To: Bank of Mount Hope- COI Fund**

Costs of Issuance	40,000.00	Bank:	Bank of Mount Hope
Rounding Amount	2,013.51	City:	Mount Hope
		ABA#:	051503491
		Acct. Name:	Series 2002 A Cost of Issuance Fund
		Account No.:	41-3100
Total Wire	42,013.51	F/B/O:	

From: Crews & Associates, Inc. ⟹ **To: Municipal Bond Commission**

Deposit to 2002 Reserve Fund	1,040.00	Bank:	BB&T
Deposit to 2002 Sinking Fund (Accrued Interest)	2,872.76	City:	State of West Viginia
		ABA#:	051503394
		Acct. Name:	City of Mt. Hope Series 2002 A
		Account No.:	5270517317
Total Wire	3,912.76	F/B/O:	

From: Crews & Associates, Inc. ⟹ **To: USDA through Fedwire Deposit System**

		Funds Transfer Wire Message	
1986 Loan Payoff	1,053,461.00	ABA#:	021030004
Less 1986 DSR Funds	(114,240.02)	Acct. Name:	TREAS NYC
Total	939,220.98	BNI Identifier:	12200408
		BNI Name:	TREASURY
1991 Loan Payoff	273,313.06	OBI#:	57-010-0556000219
Less 1991 DSR Funds	(24,312.00)	OBI Name:	Mount Hope, City of
Total	249,001.06		
		Loan #:	1
Total Wire	**1,188,222.04**	Amount:	$939,220.98
		Reference:	Payoff 1986 Loan
		Loan #:	2
		Amount:	$249,001.06

Reference: Payoff 1991 Loan

From: Municipal Bond Commission.

Transfer from 1991 Debt Service Reserve Fund 24,557.10

To: Bank of Mount Hope

Bank: Bank of Mount Hope
City: Mount Hope
ABA#: 051503491
Acct. Name: Water Fund Reserve Account
Account No.: 3102675
F/B/O:

From: Bank of Mount Hope

Water Fund Reserve Account

Transfer (from 1986 Debt Service Reserve)	114,240.02
Transfer (from 1991 Debt Service Reserve)	24,312.00
Total Wire	**138,552.02**

To: USDA through Fedwire Deposit System

Funds Transfer Wire Message
ABA#: 021030004
Acct. Name: TREAS NYC
BNI Identifier: 12200408
BNI Name: TREASURY
OBI#: 57-010-0556000219
OBI Name: Mount Hope, City of

Loan #: 1
Amount: $114,240.02
Reference: Payoff 1986 Loan

Loan #: 2
Amount: $24,312.00
Reference: Payoff 1991 Loan

CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

RECEIPT OF PAYMENT OF SERIES 1986 BONDS AND SERIES 1991 BONDS

The undersigned duly authorized representative of the United States of America, United States Department of Agriculture, Rural Utilities Service, previously Farmers Home Administration, the registered owner of the $1,584,000 Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 6, 1986 and $412,500 Waterworks and Sewerage System Revenue Bonds, Series 1991, dated February 25, 1991 (collectively, the "Prior Bonds"), of the City of Mount Hope (the "Issuer"), hereby certifies that it has received the sum of $1,326,774.06 from the Issuer and that such sum is sufficient to pay the entire outstanding principal amount of the Prior Bonds and all interest accrued thereon to the date hereof and discharge the liens, pledges and encumbrances securing the Prior Bonds.

Dated this 18th day of December, 2002.

UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE

Barbara Christian
Authorized Representative

12/09/02
003099/00303

M0380130.1

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 DECEMBER 6, 2002

NEW ISSUE

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2002 A Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and interest on the Series 2002 A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2002 A Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2002 A 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, except inheritance, estate and transfer taxes. See "TAX MATTERS" herein.

$1,315,000*
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

Dated: December 1, 2002 Due: March 1, as shown below

The Series 2002 A Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2002 A Bonds initially issued will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2002 A Bonds will be in book-entry form only. Semiannual interest on the Series 2002 A Bonds is payable beginning March 1, 2003, and each March 1 and September 1 thereafter. So long as the Series 2002 A Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2002 A Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Ordinance and any Supplemental Resolution, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2002 A Bonds. See "THE SERIES 2002 A BONDS" and "BOOK-ENTRY ONLY SYSTEM." The Series 2002 A Bonds are subject to redemption prior to maturity as described herein.

The Series 2002 A Bonds are being issued, together with other funds available therefor, to: (i) prepay the City of Mount Hope's (the "Issuer") Waterworks and Sewerage System Revenue Bonds, Series 1986 and Waterworks and Sewerage System Revenue Bonds, Series 1991; (ii) fund a reserve account for the Series 2002 A Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) pay certain costs of issuance of the Series 2002 A Bonds and related costs.

The Series 2002 A Bonds are payable from and secured by the Net Revenues derived from the existing combined waterworks and sewerage system of the Issuer and any extensions, improvements and betterments thereto and from funds on deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account. The Series 2002 A Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, and the Issuer shall not be obligated to pay the principal of, premium, if any, and interest on the Series 2002 A Bonds, except from the Net Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power of the Issuer shall be deemed to be pledged to, nor shall any tax be levied for, the payment of the principal of, premium, if any, or interest on the Series 2002 A Bonds.

The Issuer has designated the Series 2002 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

This cover page contains certain information for quick reference only and is not a complete summary of the Bonds or the security thereof. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2002 A 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 Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel. John H. Shumate, Jr., Mount Hope, West Virginia, as counsel to the Issuer, will pass upon certain legal matters for the Issuer. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter. It is expected that the Series 2002 A Bonds will be available for delivery to DTC in New York, New York, on or about December __, 2002.

CREWS & ASSOCIATES, INC.

Dated: December __, 2002

*Preliminary, subject to change.

$1,315,000*
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES*

$1,140,000 Serial Bonds

(March 1)	Maturity Amount	Interest Rate	Price or Yield	CUSIP
2003	$ 30,000	_.__%	_.__%	
2004	65,000	_.__	_.__	
2005	65,000	_.__	_.__	
2006	65,000	_.__	_.__	
2007	70,000	_.__	_.__	
2008	70,000	_.__	_.__	
2009	70,000	_.__	_.__	
2010	75,000	_.__	_.__	
2011	80,000	_.__	_.__	
2012	80,000	_.__	_.__	
2013	85,000	_.__	_.__	
2014	90,000	_.__	_.__	
2015	90,000	_.__	_.__	
2016	100,000	_.__	_.__	
2017	105,000	_.__	_.__	

$50,000* ____% Series 2002 Term Bonds due March 1, 2022 at ____%
$65,000* ____% Series 2002 Term Bonds due March 1, 2027 at ____%
$60,000* ____% Series 2002 Term Bonds due March 1, 2031 at ____%
(Accrued interest to be added)

*Preliminary, subject to change.

CITY OF MOUNT HOPE, WEST VIRGINIA

Michael Martin, Mayor
Wendy Romage, Recorder

CITY COUNCIL
Steve Brown
Norville Ellison
Betty Lilly
Mal Parker
Jack L. Sears

BOND COUNSEL
Jackson Kelly PLLC
Charleston, West Virginia

ISSUER'S COUNSEL
John H. Shumate, Jr.
Mount Hope, West Virginia

ACCOUNTANT
Lawrence Misiti, CPA
Beckley, West Virginia

UNDERWRITER
Crews & Associates, Inc.
Charleston, West Virginia

UNDERWRITER'S COUNSEL
Goodwin & Goodwin, LLP
Charleston, West Virginia

REGISTRAR
Bank One, West Virginia, National Association
Charleston, West Virginia

PAYING AGENT
West Virginia Municipal Bond Commission
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 2002 A 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 Issuer 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 Issuer 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 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2002 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
$1,315,000*
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning the City of Mount Hope, West Virginia (the "Issuer"), the Issuer's combined waterworks and sewerage system hereinafter described and the Issuer's $1,315,000* in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Series 2002 A Bonds"). The Series 2002 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 and Chapter 13, Article, 2E of the Code of West Virginia of 1931, as amended (collectively, the "Act"), and an Ordinance enacted by the City Council of the Issuer on December 10, 2002 (the "Ordinance"), as supplemented and amended by a Supplemental Resolution adopted by the Council of the Issuer, on December __, 2002, pursuant to the Ordinance (the "Supplemental Resolution", and together with the Ordinance, the "Ordinance").

The proceeds of the Series 2002 A Bonds, together with other funds available therefor, will be used as follows: (i) to prepay the Issuer's Waterworks and Sewerage System Revenue Bonds, Series 1986 and Waterworks and Sewerage System Revenue Bonds, Series 1991 (collectively, the "Refunded Bonds"); (ii) to fund a reserve account for the Series 2002 A Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) to pay certain costs of issuance of the Series 2002 A Bonds and related costs.

The Series 2002 A Bonds are payable from and secured by the Net Revenues, as defined in the Ordinance and hereinafter, derived from the existing combined waterworks and sewerage system of the Issuer and any extensions, improvements or betterments thereto (the "System") and from funds on deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account. The Series 2002 A Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, and the Issuer shall not be obligated to pay the Series 2002 A Bonds or premium, if any, or the interest thereon except from the Net Revenues and such funds on deposit.

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*Preliminary, subject to change.

Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby so as to produce for each fiscal year Net Revenues, as defined in the Ordinance and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on a parity with the Series 2002 A Bonds; provided that, in the event that an amount equal to or in excess of the Series 2002 A Bonds Reserve Requirement is on deposit in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds. See "SECURITY FOR THE SERIES 2002 A BONDS - Rate Covenant."

The Series 2002 A Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2002 A BONDS" herein. The Series 2002 A Bonds initially will be maintained under a book-entry system. So long as the Series 2002 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2002 A Bonds shall be determined as described under the "BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2002 A Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by Bank One, West Virginia, National Association as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2002 A BONDS" herein.

For a description of the exclusion of interest on the Series 2002 A Bonds from gross income for federal and state income tax purposes, see "TAX MATTERS" herein.

The Issuer may issue additional bonds on parity with the Series 2002 A Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more or all series of bonds issued pursuant to the Ordinance subject, in each case, to certain tests and conditions provided for by the Ordinance (the Series 2002 A Bonds and any such additional parity bonds are hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2002 A BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2002 A Bonds, the Issuer and certain provisions of the Ordinance and 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, 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 Series 2002 A 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 shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the Issuer or, during the period of offering the Series 2002 A Bonds, from the Underwriter.

FINANCING PLAN

Estimated Sources and Uses of Funds*

Sources of Funds:	
Principal Amount of Series 2002 A Bonds	$1,315,000.00
Accrued Interest	_____
Transfer from Refunded Bonds Reserve Accounts	_____
Total Sources	$_____.00
Uses of Funds:	
Prepayment of Refunded Bonds	$_____
Series 2002 A Bond Reserve Account	_____
[Original Issue Discount]	_____
Underwriter's Discount	_____
Accrued Interest into Series 2002 A Bonds Sinking Fund	_____
Costs of Issuance (1)	_____
Total Uses	$_____.00

(1) Includes legal and financing fees, printing costs and other miscellaneous expenses relating to the issuance of the Series 2002 A Bonds.

*Preliminary, subject to change.

THE SERIES 2002 A BONDS

General

The Series 2002 A Bonds are dated and bear interest from December 1, 2002, upon original issuance. Any Series 2002 A Bond issued in exchange on or subsequent to said first interest payment date will be dated as of the interest payment date next preceding the date of authentication thereof unless the date of authentication is an interest payment date on which interest on said Series 2002 A Bond shall have been paid in full or duly provided for, in which case said Series 2002 A Bond shall be dated such date of authentication; or unless, as shown by the records of the Registrar, interest on such Series 2002 A Bond shall be in default, in which case any Series 2002 A Bond issued in exchange for a Series 2002 A Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2002 A Bonds will bear interest from their date, payable semiannually on each March 1 and September 1, commencing March 1, 2003, upon original issuance, at the rates per annum

and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2002 A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2002 A Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2002 A Bonds and payments of principal of, redemption price, if any, and interest on the Series 2002 A Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, interest on the Series 2002 A Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date or, in the event of a default in the payment of the Series 2002 A Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date"). If the book-entry system is discontinued, principal of, premium, if any, and interest on the Series 2002 A Bonds will be payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Paying Agent.

So long as the Series 2002 A Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2002 A Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, ownership of any Series 2002 A Bond may be transferred upon surrender thereof to the Registrar, 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 Series 2002 A Bond, there will be issued another Series 2002 A Bond or Series 2002 A Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2002 A Bond. For every exchange or transfer of Series 2002 A 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. The Issuer shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Optional Redemption

The Bonds maturing on and after March 1, 20__, are subject to redemption, on or after March 1, 20__, at the option of the Issuer, in whole or in part at any time, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
March 1, 20__ to February 28, 20__	102%
March 1, 20__ to February 28, 20__	101
March 1, 20__ and thereafter	100

Sinking Fund Redemption

The Series 2002 A Bonds maturing March 1, 2022, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2002 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on March 1, 2018, and on each March 1 thereafter to and including March 1, 2022, in annual principal amounts as follows:

Year	Amount	Year	Amount
2018	$__,000	2021	$__,000
2019	__,000	2022*	__,000
2020	__,000		

The principal amount of Series 2002 A Bonds maturing March 1, 2022, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2002 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2002 A Bonds maturing March 1, 2027, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2002 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on March 1, 2023, and on each March 1 thereafter to and including March 1, 2027, in annual principal amounts as follows:

Year	Amount	Year	Amount
2023	$__,000	2026	$__,000
2024	__,000	2027*	__,000
2025	__,000		

The principal amount of Series 2002 A Bonds maturing March 1, 2027, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2002 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

The Series 2002 A Bonds maturing March 1, 2031, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2002 A Bonds Sinking Fund at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the mandatory redemption date, on March 1, 2028, and on each March 1 thereafter to and including March 1, 2031, in annual principal amounts as follows:

Year	Amount	Year	Amount
2028	$__,000	2030	$__,000
2029	__,000	2031*	__,000

*Stated maturity.

The principal amount of Series 2002 A Bonds maturing March 1, 2031, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2002 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

Notice of Redemption

So long as the Series 2002 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2002 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by first class mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2002 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2002 A Bond with respect to which no such failure has occurred. After notice of redemption has been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor have been deposited, the Series 2002 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the Issuer and the Underwriter believe to be reliable, but neither the Issuer nor the Underwriter take any responsibility for the accuracy thereof.

The Depository Trust Company

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2002 A Bonds. The Series 2002 A Bonds will be issued as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee. One fully registered certificate of the Series 2002 A Bonds will be issued for each maturity of the Series 2002 A Bonds in the principal amount equal to the aggregate principal amount of the Series 2002 A Bonds of such maturity and will be deposited with DTC.

DTC 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, as amended. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock

Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Ownership of Series 2002 A Bonds

Purchases of the Series 2002 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002 A Bonds on DTC's records. The ownership interest of the actual purchasers of each Series 2002 A Bond (the "Beneficial Owner") is in turn to be recorded on the Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participants through which the Beneficial Owners entered to the transaction. Transfers of ownership interests in the Series 2002 A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Series 2002 A Bonds except in the event that use of the book-entry system for the Series 2002 A Bonds is discontinued under the circumstances described below under "Discontinuance of Book Entry System."

To facilitate subsequent transfers, Series 2002 A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2002 A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002 A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by 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. If the consent or vote of DTC or Cede & Co. is requested, under its usual procedures, DTC will mail an Omnibus Proxy to the Issuer as soon as possible after the record date assigning Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2002 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

So long as a nominee of DTC is the registered owner of the Series 2002 A Bonds, references herein to the Bondholders or the holders or owners of the Series 2002 A Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2002 A Bonds. The Issuer and the Paying Agent will recognize DTC or its nominee as the holder of all of the Series 2002 A

Bonds for all purposes, including the payment of the principal or redemption price of and interest on the Series 2002 A Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Ordinance. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to Participants or Beneficial Owners with respect to payments or notices to Participants or Beneficial Owners.

Payments on and Redemption of Series 2002 A Bonds

So long as the Series 2002 A Bonds are held by DTC under a book-entry system, principal or redemption price of and interest payments on the Series 2002 A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the date on which such principal or interest is payable in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. 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," subject to any statutory or regulatory requirements as may be in effect from time to time, and will be the responsibility of such Participants and not of DTC, the Paying Agent or the Issuer. Payment of principal and interest to DTC is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

So long as the Series 2002 A Bonds are held by DTC under a book-entry system, the Registrar will send any notice of redemption with respect to the Series 2002 A Bonds only to Cede & Co. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant or any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the proceedings for the redemption of the Series 2002 A Bonds or of any other action premised on such notice. If fewer than all of the Series 2002 A Bonds of any maturity are selected for redemption, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Any such selection of Direct Participants to which any such partial redemption will be credited will not be governed by the Ordinance and will not be made by the Issuer, the Registrar or the Paying Agent.

The Issuer, the Registrar and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Series 2002 A Bonds paid to DTC or its nominee as the registered owner of the Series 2002 A Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

DTC may charge the Participants a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of a beneficial interest in the Series 2002 A Bonds, and the Participants may seek reimbursement therefor from the Beneficial Owners.

Discontinuance of Book-Entry Only System

DTC may resign or may be discharged by the Issuer as a securities depository for the Series 2002 A Bonds and, in such event, the Issuer may discontinue the maintenance of the Series 2002 A Bonds under a book-entry system or replace DTC with another qualified securities depository. Unless the Issuer appoints a securities depository to replace DTC, the Series 2002 A Bonds held by DTC will be canceled, and the Issuer will execute and the Registrar will authenticate and deliver Series 2002 A Bonds in fully certificated form to the Participants shown on the records of DTC provided to the Registrar or, to the extent requested by any Participant, to the Beneficial Owners of the Series 2002 A Bonds shown on the records of such Participant provided to the Registrar.

SECURITY FOR THE SERIES 2002 A BONDS

The Series 2002 A Bonds are special obligations of the Issuer and are payable as to principal, premium, if any, and interest solely from the sources described below. The Issuer is under no obligation to pay the Series 2002 A Bonds except from said sources.

Outstanding Prior Bonds

The Issuer has outstanding the following bonds payable from the Net Revenues of the System: (i) Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 6, 1986, originally issued in the aggregate principal amount of $1,584,000, of which $1,054,947.07 is currently outstanding (the "Series 1986 Bonds"); (ii) Waterworks and Sewerage System Revenue Bonds, Series 1991, dated February 25, 1991, originally issued in the aggregate principal amount of $412,500, of which $273,765.45 is currently outstanding (the "Series 1991 Bonds"); and (iii) Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 20, 1999, originally issued in the aggregate principal amount of $1,490,000, of which $1,341,000 was outstanding as of October 31, 2002 (the "Series 1999 Bonds"). It is the Issuer's intent to prepay in full the entire outstanding principal of the Series 1986 Bonds and the Series 1991 Bonds and all interest accrued thereon from the proceeds of the Series 2002 A Bonds, simultaneously with the issuance thereof.

Sources of Payment

The payment of the debt service on the Series 2002 A Bonds and the Series 1999 Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Net Revenues derived from the System and the funds on deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account and on parity with the Series 1999 Bonds as more fully described below under "ANNUAL DEBT SERVICE REQUIREMENTS." Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2002 A Bonds and the Series 1999 Bonds and to make the payments into the Sinking Funds, the Reserve Accounts and all other payments provided for in the Ordinance, and the funds in the Sinking Funds and the Reserve Accounts are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2002 A Bonds and the

Series 1999 Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

The Issuer has covenanted and agreed in the Ordinance to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Ordinance and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on parity with the Series 2002 A Bonds; provided that, in the event that an amount equal to or in excess of the Series 2002 A Bonds Reserve Requirement is on deposit in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds.

The Issuer further covenants that it will commence enactment of any rate increases as shall be required to comply with the aforementioned rate covenant within sixty (60) days following a determination by the Issuer or upon an annual audit of the Issuer that the Issuer is not in compliance with such rate covenant.

Series 2002 A Bond Reserve Account

$_____ of proceeds of the Series 2002 A Bonds will be deposited in the Series 2002 A Bonds Reserve Account in an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement. The Series 2002 A Bonds Reserve Requirement is the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in any year. The Issuer will make monthly deposits of 1/120th of the Series 2002 A Bonds Reserve Requirement into the Series 2002 A Bonds Reserve Account until the Series 2002 A Bonds Reserve Requirement is met. In the event funds in the Series 2002 A Bonds Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2002 A Bonds, the Bond Commission shall transfer to the Series 2002 A Bonds Sinking Fund sufficient amounts to make payments of principal of and/or interest on the Series 2002 A Bonds as the same becomes due from cash on deposit in the Series 2002 A Bonds Reserve Account.

In the event of a transfer from the Series 2002 A Bonds Reserve Account to the Series 2002 A Bonds Sinking Fund as aforesaid, the Issuer shall restore the balance to the Series 2002 A Bonds Reserve Account in an amount up to the Series 2002 A Bonds Reserve Requirement as provided in the Ordinance.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with the Bank of Mount Hope, Mount Hope, West Virginia, as the depository bank (the "Depository Bank"), for disposition in the following order of priority each month: (i) all current Operating Expenses of the System; (ii) commencing 6 months prior to the first interest payment date of the Series 2002 A Bonds, remit to the Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2002 A Bonds, on parity with the Series 1999 Bonds, on the next ensuing semiannual interest payment date (beginning March 1, 2003, with appropriate modification in the fraction of the amount of interest to be deposited monthly prior to the first interest payment date), (iii) remit to the Bond Commission (a) for deposit in the Series 1999 Bonds Sinking Fund the amount required to pay principal of the Series 1999 Bonds; and (b) commencing 13 months prior to the first principal payment date or mandatory redemption date, for deposit in the Series 2002 A Bonds Sinking Fund, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2002 A Bonds, on parity with the Series 1999 Bonds, on the next ensuing principal payment date or mandatory redemption date, (iv) remit to the Bond Commission (a) for deposit in the Series 1999 Bonds Reserve Account the amount required to be deposited therein; and (b) commencing 12 months prior to the first principal payment date of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; and (v) for deposit in the Renewal and Replacement Fund, beginning with the first month following delivery of the Series 2002 A Bonds, of a sum equal to two and one-half percent (2 1/2%) of monthly Revenues (excluding payments to the Reserve Accounts). Excess moneys on deposit in the Revenue Fund in any given month may be used solely for lawful purposes of the System.

Enforcement of Collections

The Issuer covenants in the Ordinance to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, or otherwise by the laws of the State. The Issuer further covenants and agrees in the Ordinance that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the Issuer, discontinue water and sewer services to all delinquent users, until such delinquent amounts, plus reasonable interest and penalty charges thereon, have been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Ordinance provides for the issuance of additional bonds on parity with the Series 2002 A Bonds with respect to the lien on, source of and security for payment from the Net Revenues (the "additional parity bonds") for the following purposes and under the following conditions:

So long as the Series 1999 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinance authorizing the issuance of the Series 1999 Bonds 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 2002 A Bonds pursuant to the Ordinance, without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Ordinance authorizing the issuance of the Series 1999 Bonds).

All Parity Bonds shall be issued on parity in all respects with the Series 2002 A Bonds.

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

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in the 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder 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, as stated in a certificate filed with the Recorder, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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 Net Revenues of the System on parity with the Series 2002 A Bonds, and all covenants and other provisions of the Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2002 A Bonds and the Registered Owners of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the Ordinance authorizing the issuance of the Series 1999 Bonds. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any such bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Parity Bonds, in addition to the payments required for bonds theretofore issued pursuant to the Ordinance.

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 Series 2002 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 equally, as to lien on 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 shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance and the Ordinance authorizing the issuance of the Series 1999 Bonds with respect to the Bonds then Outstanding, and any other payments provided for in the Ordinance and the Ordinance authorizing the issuance of the Series 1999 Bonds, shall have been made in full as required to the date of issuance of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of the Ordinance and the Ordinance authorizing the issuance of the Series 1999 Bonds and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

THE SYSTEM

The System is composed of a water system and a sewer system, which are combined for legal purposes.

Water System

The water system was created in 1948 by the Issuer to serve the residents of Mount Hope and Mill Creek. The West Virginia Office of Environmental Health Service issued Permit Number 9275 to the water system on December 3, 1984. The system currently serves a population of 1,817 in the Mount Hope, Kilsyth, MacDonald, Price Hill, Oswald and Park Heights communities. The system's water supply comes from the Ferral Mines, one half (½) mile below the Kilsyth Water Plant, and pumps approximately 350,000 gallons per day.

The water system consists of two (2) centrifugal, raw water pumps, one centrifugal plant feed pump, two (2) turbine, hi-service pumps, and two (2) turbine, backwash pumps. In addition, the system utilizes a three (3) inch gas powered diaphragm pump and one dual unit Quincy air compressor. The system also has one (1) 300,000 gallon steel storage tank and one (1) 200,000 gallon steel storage tank. Its water mains consist of 12,650 feet of four (4) inch C.I. pipe, 6,450 feet of six (6) inch C.I. pipe, 20,100 feet of two (2) inch C.I. pipe, 1,000 feet of eight (8) inch C.I. pipe, 10,560 feet of two (2) inch PVC pipe, 20,120 feet of four (4) inch PVC pipe, 3,150 feet of six (6) inch PVC pipe, 1,000 feet of eight (8) inch PVC pipe, and 4,200 feet of ten (10) inch PVC pipe.

Water Usage

Metered Usage History by Source

Year Ended June 30	Residential Gallons	Commercial Gallons	Industrial Gallons	Public Gallons	Total
2002	30,507,000	1,378,000	33,448,000	9,881,000	75,214,000
2001*					
2000	35,642,000	32,535,000	0	7,099,000	75,276,000
1999	37,945,000	32,049,000	0	5,381,000	75,375,000
1998	38,307,000	30,253,000	0	5,625,000	74,185,000

*2001 Volume Information not available as a result of a July 2001 flood that destroyed records

Customer Background

Customer Count by Type

Year Ended June 30	Residential	Commercial	Industrial	Public	Total
2002	798	32	2	10	842
2001	793	31	2	11	837
2000	810	31	0	7	848
1999	805	29	0	6	840
1998	817	29	0	6	852

Metered Sales

	2001		2000		1999		1998	
Residential	$211,112	56%	$212,348	58%	$235,940	62%	$238,326	64%
Commercial	$ 9,575	3%	$ 11,198	3%	$116,753	31%	$116,601	31%
Industrial	$116,838	31%	$109,899	30%	$ 0	0%	$ 0	0%
Public Authorities	$ 36,798	10%	$ 32,973	9%	$ 26,244	7%	$ 20,098	5%
Total	$374,323	100%	$366,918	100%	$378,987	100%	$375,025	100%

Major Users

Customer	Consumption (gallons)
Georgia Pacific	2,734,000/ month
Mount Hope Housing- Midtown	429,100/ month
Mount Hope Housing- Stadium	205,000/ month
Mount Hope High School	33,500/ month
Mount Hope Elementary	45,000/ month

Wastewater System

The Issuer's wastewater system serves approximately 3,080 people in the City of Mount Hope and its immediate environs, and discharges treated wastewater into Dunlop Creek, approximately 9.5 miles from its mouth, at the New River. The West Virginia Office of Environmental Health Services issued Permit Number WV0021776 to the system on June 30, 1999.

The wastewater collection system is comprised of approximately 37,500 linear feet of four (4) inch diameter gravity sewer line, six (6) inch diameter gravity sewer line, and 15 inch diameter sewer line, 5,300 linear feet of eight (8) inch diameter gravity sewer line, 5,200 linear feet of 12 inch diameter gravity sewer line, 107 manholes, necessary cleanouts, three (3) lift stations, 2,000 linear feet of six (6) inch diameter force main, and all requisite appurtenances.

The wastewater treatment plant is comprised of a grit chamber, a mechanical bar screen, and a manual bar screen located before the main lift station, a dual channel oxidation ditch with an inner channel having a volume of 155,700 gallons and both having a total volume of 312,800 gallons, two (2) clarifiers having a volume of 33,600 gallons each and a surface area of 452 square feet each, ultraviolet disinfection facilities, a post aeration chamber having a volume of 4,500 gallons, an aerobic digester having a volume of 69,100 gallons, two (2) wedgewater sludge dewatering beds with a surface area of 400 square feet each, and all requisite appurtenances.

Sewer Usage

Annual Flow History

Year Ended June 30	Total Gallons
2002	66,464,000
2001	N/A
2000	62,776,000
1999	61,093,000
1998	60,764,000

Customer Background

Customer Count by Type

Year Ended June 30	Residential	Commercial	Industrial	Public	Total
2002	494	30	2	0	526
2001	489	32	2	0	523
2000	502	28	0	0	530
1999	494	27	0	0	521
1998	503	27	0	0	530

System Personnel

The City of Mount Hope's combined water and wastewater systems employs seven (7) full-time employees. David Whitt is the Chief Operator of the Wastewater treatment facility, and Teddy Mills is the Chief Operator of the Water Plant. Virgil Kincaid is the Field Supervisor for the combined systems.

Sewer Rates

The Public Service Commission of West Virginia (the "PSC") approved the current schedule of sewer rates and charges on September 26, 1990, in Case No. 90-361-S-CN. The provisions of the tariff on file with the PSC are as follows:

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

FIRST	2,000 gallons used per month	$6.00 per 1,000 gallons
NEXT	8,000 gallons used per month	$5.44 per 1,000 gallons
ALL OVER	10,000 gallons used per month	$4.71 per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum charge of $12.00 per month.

Sewer use and sewer billing is based upon unmetered water consumption. Bills will be rendered monthly and mailed promptly to the consumer, and are payable on or before twenty (20) days after date at the Mount Hope Municipal Water and Sewerage Works Office. Failure to receive bill will not entitle consumer to any remission of delayed payment penalty. The word "month" as used in the tariff is understood to mean the elapsed time between the two successive meter readings approximately thirty (30) days apart. In the event of a failure of a meter to register the full amount of water used, the consumer will be billed for a period on an estimated consumption based on his use of water on a similar period under like conditions.

SEWER TAPPING FEE

The above schedule is subject to a sewer tapping fee charge of $150.00 for each new connection to the municipal sewage facilities.

RECONNECTION CHARGE – WATER

The above schedule is subject to a reconnection charge of $15.00 for all general, domestic, commercial and industrial service.

DELAYED PAYMENT PENALTY

The above tariffs are net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown.

If any water and sewer bill is not paid within thirty (30) days after due date, water service to the customer will be disconnected. Water service will not be restored until all past due water and sewer bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

There will be a letter issued on the 25th of each month giving the customer 24 hours notice of discontinued service if bill is not paid in full.

Water Rates

The current water rate ordinance was enacted by the Issuer on July 29, 2002. The provisions of the tariff showing the current schedule of water rates and charges on file with the PSC are as follows:

AVAILABILITY OF SERVICE

Available for general, domestic and industrial service.

RATE

First	2,000 gallons used per month	$9.00 per thousand gallons
Next	8,000 gallons used per month	$7.33 per thousand gallons
All over	10,000 gallons used per month	$5.22 per thousand gallons

MINIMUM CHARGE

The above schedule is subject to a minimum charge of $18.00 per month.

DELAYED PAYMENT PENALTY

The above tariffs are net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown.

If any water bill is not paid within thirty (30) days after due date, water service to the customer will be disconnected. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

There will be a letter issued on the 25th of each month giving the customer 24 hours notice of discontinued service if bill is not paid in full.

CONNECTION CHARGE – WATER

The above schedule is subject to a connection charge of $12.50 for houses and $17.50 for mobile homes.

RECONNECT CHARGE – WATER

The above schedule is subject to a reconnection charge of $15.00 for all general, domestic, commercial and industrial service.

TAP FEE

$150.00

Billing and Collections

The Issuer renders a monthly bill to all customers of the System. Payments are due 20 days after the billing date. If a bill remains unpaid beyond the due date, a 10% penalty is added to the delinquent account and delinquency procedures are initiated, including the mailing of termination notices and termination of service 30 days after the initial due date. Service on a delinquent account remains terminated until payment of the account is made. A reconnection charge of $15.00 is required to reinstate a previously delinquent account.

System Budget

The Issuer's Director of Finance, with the assistance of its accountant, prepares a draft budget for the System's operations. The Issuer's budget is compiled from the draft budget and submitted to the Issuer on or before June 30 of each year. The budget is required by statute to indicate operating expenditures and capital expenditures proposed for the ensuing fiscal year and the method of financing such expenditures. The total of proposed expenditures may not exceed the total of estimated income. No payments may be made in excess of the budget unless unanimously authorized and directed by the Issuer. Separate accounting records are kept by the Issuer and reviewed by the Issuer's accountant each year.

Method of Accounting

The Issuer maintains its accounts pertaining to the system on an accrual basis and in accordance with the guidelines of the West Virginia Public Service Commission. The records of the Issuer for the fiscal years ended June 30 of each of the past three years have been audited and are available for public inspection at the Issuer office.

Historical and Proforma Revenues, Expenses and Coverages

Summary Statement of Income and Expense
(Fiscal Year Ended June 30)

	Projected 2003	Unaudited 2002	Audited 2001	Audited 2000	Audited 1999
Revenues	821,522	715,405	698,201	720,770	706,770
Expenses	784,268	746,922	709,765	702,730	629,897
Operating Income	37,254	(31,517)	(11,564)	18,040	76,873
Nonoperating Income (Expense)	(60,868)	(78,537)	(72,457)	(78,090)	(78,328)
Net Income	(23,614)	(110,054)	(84,021)	(60,050)	(1,455)
Depreciation	259,000	257,546	255,177	256,653	201,253
Interest Expense	66,368	87,822	91,968	95,460	95,499
Available for Debt Serve	301,754	235,314	263,124	292,063	295,297
Debt Service	206,670	230,304	212,186	155,708	138,552
Coverage	1.46	1.02	1.24	1.88	2.13

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each year the amounts payable from Net Revenues as principal of and interest on the Series 2002 A Bonds and the Series 1999 Bonds.

Year	Series 1999	Series 2002 A*	Total Debt Service
2002	74,500		
2003	74,500		
2004	74,500		
2005	74,500		
2006	74,500		
2007	74,500		
2008	74,500		
2009	74,500		
2010	74,500		
2011	74,500		
2012	74,500		
2013	74,500		
2014	74,500		
2015	74,500		
2016	74,500		
2017	74,500		
2018	74,500		
2019	74,500		
2020	74,500		
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030	-		
2031	-		
2032	-	-	
Totals	1,415,500		

*Does not consider annual earnings on the DSR fund

TAX MATTERS

In the opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2002 A 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 on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax on corporations, such interest is taken into account in determining adjusted current earnings.

The Code imposes certain requirements as a condition to exclusion from gross income of the interest on the Series 2002 A Bonds for federal income tax purposes, including a requirement that the Issuer rebate to the United States Treasury certain arbitrage earnings. The Issuer will covenant or certify that it will comply with all applicable requirements of the Code. Failure of the Issuer to comply with such requirements could result in interest on the Series 2002 A Bonds being included in gross income for federal income tax purposes from the date of issue.

The Issuer has designated the Series 2002 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In the opinion of Bond Counsel, the Series 2002 A Bonds are "qualified tax-exempt obligations" and the provisions of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to carry most tax-exempt obligations does not apply to the Series 2002 A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2002 A Bonds is deductible for federal income tax purposes.

Ownership of the Series 2002 A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, S corporations with "excess net passive income," individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2002 A Bonds.

Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2002 A 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, except inheritance, estate and transfer taxes.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2002 A Bonds are subject to the unqualified approving opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel. John H. Shumate, Jr., Mount Hope, West Virginia, Counsel for the Issuer will pass upon certain legal matters for the Issuer. Goodwin & Goodwin, LLP, Charleston, West Virginia, as Counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

ABSENCE OF MATERIAL 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 Issuer, threatened or affecting the Issuer (or, to the Issuer's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the Issuer's financial position or on the validity of the Series 2002 A Bonds, the Ordinance or any agreement to which the Issuer is a party and which is a part of the issuance of the Series 2002 A Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2002 A Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE SERIES 2002 A BONDS - General."

UNDERWRITING

The Underwriter named on the cover of this Official Statement is purchasing the Series 2002 A Bonds. The Purchase Contract provides that the Underwriter will purchase all the Series 2002 A Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof less an Underwriter's discount of $_____ plus accrued interest. The obligation to make such purchase is subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2002 A Bonds to certain dealers (including dealers depositing Series 2002 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements of the System as of and for the fiscal year ended June 30, 2001, and the report with respect to the audited financial statements as of and for the fiscal year ended June 30, 2001, of the West Virginia State Auditor. The general purpose financial statements and the combined and individual fund and account group financial statements of the Issuer (which include the System) have been audited by the West Virginia State Auditor to the extent and for the period indicated in his report.

CONTINUING DISCLOSURE

The Issuer has agreed in the Ordinance to execute and deliver contemporaneously with the issuance of the Series 2002 A Bonds a certificate or agreement to undertake for the benefit of the Registered Owners of the Series 2002 A Bonds to provide certain financial and operating information of the System (the "Annual Information") not later than nine (9) months following the end of the fiscal year of the Authority, commencing in fiscal year 2003, and to provide the Annual Information to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository") and to

provide notice of the occurrence of the enumerated events to each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the Issuer to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The Issuer has agreed to give notice in a timely manner to each National Repository, or the MSRB, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2002 A Bonds. Registered Owners may contact the Issuer's Mayor at P. O. Box 151, Mount Hope, West Virginia 25880, for more information.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Series 2002 A Bonds. The Issuer has authorized the execution and distribution of this Official Statement.

CITY OF MOUNT HOPE

By: _____
Mayor

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GENERAL INFORMATION REGARDING FAYETTE COUNTY, WEST VIRGINIA

Fayette County, located in the south central part of the State of West Virginia, was founded in 1831. The county contains 665 square miles of land. Situated on the Allegheny Plateau, Fayette County is known for its coal, livestock, dairy products, fruit, tobacco and timber. Fayette County contains some of the State's major tourist attractions, including whitewater rafting. More than a quarter million people have visited the New and Gauley Rivers in West Virginia since 1972. The New River Gorge has become prominent destination for thrill seekers from all over the world. The main events are the whitewater rafting season and Bridge Day.

The City of Mount Hope is located 55 miles from Charleston, 8 miles from Beckley, 25 miles from Winterplace, a ski area, and 20 miles from Fayetteville, the hub for whitewater rafting. Mount Hope was once a booming coal-mining town in the early 1900's. Over the years, most of the coal mines, coal camps and other physical evidence of the King Coal era have disappeared from the region. Fortunately, much of the past still exists in Mount Hope, which offers an opportunity for tourists to view many sites that were once commonplace throughout the coal fields of West Virginia. Old structures that once represented the coal industry remain standing.

FAYETTE COUNTY
POPULATION AND AGE

Total population	47,952
Male	22,990
Female	34,962
White	44,697
African American	3,017
Hispanic	252
Asian	252
Native	62
Median Age	36.2
0-5	2,491
6 to 17	9,595
18 to 20	2,358
21 to 24	2,288
25 to 44	13,445
45 to 54	4,647
55 to 59	2,274
60 to 64	2,665
65 to 74	4,690
75 to 84	2,739
85 and up	760

Source: US Census, 2000

Population By Decade

DATE	POPULATION	POPULATION CHANGE	ANNUAL % CHANGE
1960	61,731	-20,712	-2.9
1970	49,332	-12,399	-2.2
1980	57,863	8,531	1.6
1990	47,952	-9,911	-1.9
2000	47,579	-373	-0.1

Households

Total Households	18,945
Family Households	13,121
Non-Family Households	5,824
Persons 65 and Over, Living Alone	5,722
Average Household Size	2.41

Housing

Total Housing Units	21,616
Occupied Housing Units	18,945
Owner Occupied Units	14,625
Renter Occupied Units	4,320

Cost of Living Index

Mount Hope's cost of living compares favorably with any American market. In addition, the services indexed are widely available.

Composite	69.9
Groceries	97.2
Housing	94.2
Utilities	100.2
Transportation	108.3
Miscellaneous	94.8

Economic Climate

A major highway, historic buildings and national parklands make Mount Hope's economic outlook promising. Economic opportunity, particularly among tourism-oriented investments, is at an all-time high, thanks to the presence of state and national parklands such as Gauley River National Recreation Area, New River Gorge, Sandstone Falls and Hawks Nest State Park. Several local colleges and a branch of West Virginia University support the economic transition. Business locations are plentiful and affordable.

Surplus Workforce

Workers living in Fayette County	17,410
Workers working in Fayette County	13,390
Workers working in other counties	4,396

Economic Indicators

Per Capita Income (2000)	$18,027
Total Personal Income (1999)	$856,563,000

Employment and Wages Covered by Unemployment Compensation Programs

Employment, Annual Average (2000)	12,059
Total Wage, Annual (2000)	$278,287,953
Annual Wage, Annual Average (2000)	23,0377
Weekly Wage, Annual Average (2000)	$443.79

Source: Bureau of Employment Programs

Employment and Unemployment Statistics

Labor Force Statistics

	1997	1998	1999	2000	2001
Civilian Labor Force	18,190	17,810	17,690	17,450	17,290
Total Employment	16,500	16,160	15,880	15,980	16,130
Total Unemployment	1,680	1,650	1,820	1,470	1,160
Unemployment Rate	9.3	9.3	10.3	8.4	6.7

Nonfarm Payroll Employment Industry

	1997	1998	1999	2000	2001
Goods Producing	2,070	2,050	1,930	1,800	1,720
Mining	600	500	310	220	250
Coal Mining	590	490	310	210	240
Construction	490	560	620	570	520
Manufacturing	970	1,000	1,010	1,010	960
Durable Goods	920	920	920	930	880
Nondurable Goods	60	80	90	80	80
Service Producing	11,690	11,690	11,340	11,430	11,450
Transportation & Public Utilities	680	650	610	590	580
Trade, Wholesale & Retail	2,770	2,770	2,900	2,940	2,930
Finance, Insurance & Real Estate	410	390	370	360	340
Services	4,130	4,100	4,050	4,350	4,350
Government	3,710	3,780	3,420	3,250	3,250
Federal	310	290	290	290	290
State and Local	3,00	3,500	3,130	2,960	2,960

Source: Bureau of Employment Programs

TOP TEN EMPLOYERS – FAYETTE COUNTY 2002

1. Fayette County Board of Education
2. West Virginia University Institute of Technology
3. Mount Olive Correctional Complex
4. Elkem Metals, Inc.
5. Plateau Medical Center, Inc.
6. Global Contact Services, LLC
7. Montgomery General Hospital
8. Wal-Mart Stores, Inc.
9. Cannelton Industry, Inc.
10. Georgia Pacific Corporation

Source: Bureau of Employment Programs

RECREATION

The region surrounding Mount Hope is rich with forests and national parklands. This area is quickly becoming part of one of the largest outdoor-recreation areas in the East. There are plenty of activities to take advantage of including whitewater rafting, kayaking, hiking, biking, fishing, hunting, climbing, skiing and golfing

FACILITIES

Auditoriums	15	Stadiums	6
Baseball-Softball Fields	23	Tennis Courts – Indoor	0
Basketball Courts – Indoor	11	Tennis Courts – Outdoor	13
Basketball Courts – Outdoor	9	Theaters – Indoor	1
Swimming Pools	5	Theaters – Outdoor	0
Golf Courses	3	Playgrounds	15
Parks	8		

Climate

Temperature (Degrees F) Mean Annual Average – 52

January Averages	High	40	Low	19
July Averages	High	82	Low	59

Long Term Precipitation (inches):

January	3.25	July	5.31	Annual	45.3

Mean Annual Snowfall Range (inches): 35-55

NEARBY METROPOLITAN CITES

Charleston, WV	54 miles
Huntington, WV	102 miles
Roanoke, VA	159 miles

TRANSPORTATION

Highway Servicing Area: I – 77
US Routes: 60, 19 (Corridor L)
WV Routes: 612, 211, 82, 61, 41, 39, 20, 16 and 6
Available Industrial Parks: 1
Railroads: CSXT, Nicholas, Fayette & Greenbrier, AMTRAK, Norfolk & Southern

Motor Freight Carriers Available: yes
Bus Service: Yes
Parcel Service: Yes
River, Nearest Navigable: Kanawha

UTILITIES AND SEVICES

Electricity: American Electric Power
Natural Gas: WV Power Gas, Southern Public Service Gas
Telephone Service: Verizon, Citizens Telecom

APPENDIX B

FINANCIAL STATEMENTS

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AUDIT REPORT OF

MOUNT HOPE, WEST VIRGINIA

A CLASS IV MUNICIPALITY IN FAYETTE COUNTY

For the Fiscal Year Ended June 30, 2001

GLEN B. GAINER III
WEST VIRGINIA STATE AUDITOR
EX OFFICIO CHIEF INSPECTOR AND
SUPERVISOR OF PUBLIC OFFICES

AUDIT REPORT OF
THE MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2001

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code 6–9–1 et seq.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 2001

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Fund

Coal Severance Tax

Capital Project Fund

Capital Project

PROPRIETARY FUND TYPE

Enterprise Funds

Sewerage
Water

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
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MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2001

OFFICE	NAME	TERM
	Elective	
Mayor:	Michael Martin	06-01-00 / 05-31-04
Recorder:	Wendy Romage	06-01-00 / 05-31-04
Council Members:	Steve Brown	06-01-00 / 05-31-04
	Norville Ellison	06-01-00 / 05-31-04
	Betty Lilly	06-01-00 / 05-31-04
	Mal Parker	06-01-00 / 05-31-04
	Jack L. Sears	06-01-00 / 05-31-04
	Appointive	
Treasurer:	Barbara Price	
Municipal Attorney:	John H. Shumate, Jr.	

State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Lisa Thornburg, CPA
Deputy Chief Inspector

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Chief Inspector Division
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Mount Hope
Mount Hope, West Virginia 25880

We have audited the accompanying general purpose financial statements of the Municipality of Mount Hope, West Virginia as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these general-purpose 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 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 opinion.

As described more fully in the notes, the general purpose financial statements referred to above do not include financial statements of the general fixed asset account group which should be included to conform with generally accepted accounting principles. The amounts that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects, if any, on the financial statements of the omission described in the preceding paragraph, the general–purpose financial statements referred to above present fairly, in all material respects, the financial position of the Municipality of Mount Hope, West Virginia, as of June 30, 2001, and the results of its operations and changes in cash flows of its proprietary funds for the year 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 January 22, 2002 on our consideration of the municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

January 22, 2002

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	June 30, 2001
Assets					
Current:					
Cash and cash equivalents	$ 38,186	$ 4,248	$ 1,845	$ 164,471	$ 208,750
Investments	53,399	--	--	106,798	160,197
Receivables – net					
Accounts	10,325	--	--	65,250	75,575
Due from:					
Other funds	389,616	--	--	387,694	777,310
Total current assets	491,526	4,248	1,845	724,213	1,221,832
Restricted:					
Regular account	--	--	--	14,185	14,185
Reserved account	--	--	--	196,056	196,056
Reserve for depreciation	--	--	--	152,466	152,466
Customer deposits	--	--	--	1,531	1,531
Total restricted assets	--	--	--	364,238	364,238
Fixed:					
System infrastructure	--	--	--	8,211,173	8,211,173
Less accumulated depreciation	--	--	--	(2,803,103)	(2,803,103)
Total fixed assets	--	--	--	5,408,070	5,408,070
Total assets	$ 491,526	$ 4,248	$ 1,845	$ 6,496,521	$ 6,994,140

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	June 30, 2001
Liabilities and Fund Equity					
Liabilities:					
Current liabilities payable from current assets:					
Accounts payable	$ 19,870	$ --	$ 800	$ 9,469	$ 30,139
Other accrued expenses	279	--	--	1,850	2,129
Due to:					
Other funds	387,694	--	--	389,616	777,310
Total current liabilities payable from current assets	407,843	--	800	400,935	809,578
Current liabilities payable from restricted assets:					
Revenue bonds payable	--	--	--	74,500	74,500
Accrued revenue bond/note interest payable	--	--	--	5,803	5,803
Customer deposits	--	--	--	7,213	7,213
Total current liabilities payable from restricted assets	--	--	--	87,516	87,516
Long-term liabilities (net of current portion):					
Leases payable	--	--	--	32,599	32,599
Revenue bonds payable	--	--	--	1,359,625	1,359,625
Notes payable	--	--	--	1,402,825	1,402,825
Total long term liabilities	--	--	--	2,795,049	2,795,049
Total liabilities	407,843	--	800	3,283,500	3,692,143

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	June 30, 2001
Fund Equity:					
Contributed capital	$ --	$ --	$ --	$ 3,929,192	$ 3,929,192
Retained Earnings:					
Unreserved	--	--	--	(716,171)	(716,171)
Fund Balances:					
Unreserved	83,683	4,248	1,045	--	88,976
Total fund equity	83,683	4,248	1,045	3,213,021	3,301,997
Total liabilities and fund equity	$ 491,526	$ 4,248	$ 1,845	$ 6,496,521	$ 6,994,140

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	June 30, 2001
Revenues:				
Taxes (including interest and penalties)	$ 229,551	$ --	$ --	$ 229,551
Licenses and permits	14,643	--	--	14,643
Intergovernmental:				
Federal	3,891	--	--	3,891
State	32,743	3,088	--	35,831
Charges for services	17,453	--	--	17,453
Fines and forfeits	77,505	--	--	77,505
Interest	3,649	55	5	3,709
Reimbursements	5,833	--	--	5,833
Sale of fixed assets	3,000	--	--	3,000
Rents	16,800	--	--	16,800
Miscellaneous	6,140	--	4,385	10,525
Total revenues	411,208	3,143	4,390	418,741
Expenditures:				
General government	74,396	750	--	75,146
Public safety	304,944	--	--	304,944
Streets and transportation	55,716	--	--	55,716
Culture and recreation	4,573	--	--	4,573
Total expenditures	439,629	750	3,345	443,724
Excess (deficiency) of revenues over expenditures	(28,421)	2,393	1,045	(24,983)
Fund balances at beginning of year (restated Note III G)	112,104	1,855	--	113,959
Fund balances at end of year	$ 83,683	$ 4,248	$ 1,045	$ 88,976

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended June 30, 2001

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem property taxes	$ 88,543	$ 90,864	$ 2,321
Business & occupation tax	82,760	104,779	22,019
Alcoholic beverages tax	350	244	(106)
Utility services tax	35,642	33,244	(2,398)
Gas and oil severance tax	1,103	420	(683)
Total taxes	208,398	229,551	21,153
Licenses and permits	4,200	14,643	10,443
Intergovernmental:			
Federal	4,000	3,891	(109)
State	29,390	32,743	3,353
Charges for services	14,000	17,453	3,453
Rents and concessions	9,600	--	(9,600)
Fines and forfeits	55,000	77,505	22,505
Interest	4,000	3,649	(351)
Refunds	7,200	--	(7,200)
Reimbursements	5,000	5,833	833
Sale of fixed assets	--	3,000	3,000
Rents	5,700	16,800	11,100
Miscellaneous	10,800	6,140	(4,660)
Total revenues	357,288	411,208	53,920
Expenditures:			
General government	88,226	74,396	13,830
Public safety	305,400	304,944	456
Streets and transportation	59,612	55,716	3,896
Culture and recreation	5,850	4,573	1,277
Education	1,500	--	1,500
Total expenditures	$ 460,588	$ 439,629	$ 20,959

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
For the Fiscal Year Ended June 30, 2001

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues over expenditures	$ (103,300)	$ (28,421)	$ 74,879
Fund balance at beginning of year	103,300	112,104	8,804
Fund balance at end of year	$ --	$ 83,683	$ 83,683

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2001

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
Coal severance tax	$ 3,000	$ 3,088	$ 88
Interest	300	55	(245)
Total revenues	3,300	3,143	(157)
Expenditures:			
General government	5,155	750	4,405
Total expenditures	5,155	750	4,405
Excess (deficiency) of revenues over (under) expenditures	(1,855)	2,393	4,248
Fund balance at beginning of year	1,855	1,855	--
Fund balance at end of year	$ --	$ 4,248	$ 4,248

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS – PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Operating revenues:		
Sales and services to customers	$ 684,772	$ 684,772
Discounts and penalties	9,541	9,541
Miscellaneous	3,888	3,888
Total operating revenues	698,201	698,201
Operating expenses:		
Personal services	248,928	248,928
Contractual services	40,459	40,459
Administrative and general	27,539	27,539
Insurance premiums	9,916	9,916
Bad debt expense	2,615	2,615
Miscellaneous	11	11
Materials and supplies	62,533	62,533
Utilities	43,885	43,885
Depreciation	255,177	255,177
Maintenance	18,702	18,702
Total operating expenses	709,765	709,765
Operating income (loss)	(11,564)	(11,564)
Nonoperating revenues (expenses):		
Interest revenue	19,511	19,511
Interest and fiscal charges	(91,968)	(91,968)
Total nonoperating revenues (expenses)	(72,457)	(72,457)

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS – PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Net income (loss)	$ (84,021)	$ (84,021)
Retained earnings at beginning of year	(632,150)	(632,150)
Retained earnings at end of year	$ (716,171)	$ (716,171)

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Cash flows from operating activities:		
Cash received from customers	$ 699,408	$ 699,408
Cash paid for goods and services	(451,899)	(451,899)
Net cash provided (used) by operating activities	247,509	247,509
Cash flows from noncapital financing activities:		
Nonoperating miscellaneous (expense) revenues	3,113	3,113
Net cash provided (used) by noncapital financing activities	3,113	3,113
Cash flows from capital and related financing activities:		
Principal payments – bonds	(119,235)	(119,235)
Interest paid	(92,951)	(92,951)
Purchase of fixed assets	(4,741)	(4,741)
Construction (including capitalized interest costs)	(7,741)	(7,741)
Contributed capital	600	600
Net cash provided (used) by capital and related financing activities	$ (224,068)	$ (224,068)

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type Enterprise	Totals (Memorandum Only) June 30, 2001
Cash flows from investing activities:		
Interest received	$ 19,331	$ 19,331
Net cash provided (used) by investing activities	19,331	19,331
Net increase (decrease) in cash and cash equivalents	45,885	45,885
Cash and cash equivalents, July 1 (including $321,193 in restricted accounts)	589,622	589,622
Cash and cash equivalents, June 30 (including $364,238 in restricted accounts)	$ 635,507	$ 635,507

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Operating income (loss)	$ (11,564)	$ (11,564)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	255,177	255,177
Decrease (increase) in accounts receivable	1,206	1,206
Increase (decrease) in customer deposits	168	168
Increase (decrease) in accounts payable	672	672
Increase (decrease) in other accrued expenses	1,850	1,850
Net cash provided by operating activities	$ 247,509	$ 247,509

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted, the accounting policies of the Municipality of Mount Hope, West Virginia conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The government is a municipal corporation governed by an elected mayor and five member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for inclusion in or exclusion from the financial reporting entity is outlined in Governmental Accounting Standards Board Statement Number 14 and includes oversight responsibility over agencies, boards and commissions by the Municipality's Council. Oversight responsibilities include financial accountability (including selection of the governing authority), fiscal dependence and the ability for the council to impose its will on the potential component unit.

Blended Component Unit.
Although legally separate entities, these are, in substance, part of the primary governments operations and so data from these units should be combined with the primary government.

Based on criteria established above, the Municipality of Mount Hope, West Virginia has no blended component units.

Discretely Presented Component Unit
These are legally separate organizations for which elected officials of the primary government are financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

Based on criteria established above, the Municipality of Mount Hope, West Virginia has no discretely presented component units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Municipality of Mount Hope, West Virginia has the following fund types and account groups:

Governmental funds are used to account for the government's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual basis accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, in accordance with Governmental Accounting Standards Board Statement No. 22, certain taxpayer-assessed revenues such as business and occupation and utility excise taxes are also accrued as revenue at year end. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-derived grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue fund accounts for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The capital projects fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Municipality of Mount Hope, West Virginia applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary funds include the following fund types:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Municipality of Mount Hope, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than three months from the date of acquisition.

Investments are reported at fair value which is determined using selected bases.

Short–term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of investments and fair values are presented in Note III.A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy – five percent of the indebtedness of any private corporation nor can the portfolio have over twenty–five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

The following restrictions apply only to pension portfolios and are separate and distinct from the limitations mentioned above: (1)fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total assets of the total pension fund assets; and (2)at no time can the equity portion of the portfolio exceed fifty percent of the total portfolio.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non–current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available financial resources.

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one–half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five–tenths cents (12.5 cents); On Class II property, twenty–five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the municipality per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2001, were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense	Excess
Class I	$ 343,596	12.5 Cents	6.25 Cents
Class II	$ 4,146,882	25.0 Cents	12.50 Cents
Class IV	$ 8,878,982	50.0 Cents	25.00 Cents

The Municipality of Mount Hope, West Virginia held a special election on February 27, 1999. The municipality was authorized to lay an excess levy to provide approximately $26,000 annually during the next three fiscal years ended June 30, 2000 through June 30, 2002 , for the purposes of: (1) street repairs and maintenance; (2) street lights; and (3) recreational expenditures.

3. *Inventories and Prepaid Items*

There are no material inventories maintained; therefore they do not appear on the financial statements.

4. *Restricted Assets*

Certain proceeds of the Sewerage enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "reserve for construction account" is used to report those proceeds of revenue bond and grants that are restricted for use in construction.

The "customer deposit" account is used to report the segregation of returnable cash deposits from customers of the utility upon initial receipt of the service.

5. Fixed Assets

Fixed assets used in governmental fund type operations of the entity are recorded as expenditures in the various funds. The government does not maintain a general fixed assets account group as prescribed by generally accepted accounting principles.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the government) are not capitalized.

Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the proprietary funds.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Property, plant and equipment are depreciated in the proprietary funds of the entity using the straight line method over the following useful lives:

Assets	Years
Buildings	25–50
Improvements	10–20
Utility Plant	10–40
Equipment	3–10

6. Compensated Absences

It is the government's policy to require employees to use all earned vacation time by the end of the fiscal year. No liability is reported for unpaid accumulated sick leave.

7. Long–Term Obligations

The government should report long–term debt of the governmental funds at face value in the general long term debt account group. Certain other governmental fund obligations not expected to be financed with current available resources should also be reported in the general long–term debt account group. The municipality does not maintain a general long–term debt account group.

Long term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

8. Fund Equity

The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

9. Memorandum Only–– Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results in operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The governing body of the municipality is required to hold a meeting or meetings between the seventh and twenty–eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts.

The governing body made the following material supplemental budgetary appropriations throughout the year.

	Amount	Description
$	59,380	Unencumbered Fund Balance
	6,000	Excise Tax on Utilities
	12,760	Business and Occupation Tax
	9,600	Rents & Concessions
	4,000	Federal Government Grants
	29,390	State Government Grants
	2,500	Reimbursements
	6,000	Miscellaneous Revenue
	3,884	Mayor's Office
	7,050	Treasurer's Office
	1,550	Police Judge's Office
	1,500	City Attorney
	(1,000)	Elections
	(8,947)	City Hall
	11,688	Contingencies
	99,700	Police Department
	21,900	Fire Department
	(8,800)	Streets & Highways
	1,950	Playgrounds
	(10,845)	Unencumbered Fund Balance (Coal Severance Tax)
	(10,845)	City Hall (Coal Severance Tax)

Encumbrance accounting is not employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

The Water and Sewerage fund had a deficit retained earnings of $520,060 and $196,111 respectively, as of June 30, 2001. The fund has incurred losses in this and prior years that have caused the deficit to occur. The government is monitoring the situation but does not feel that a rate increase is necessary due to the fact that depreciation on assets acquired through external grants is not amortized through contributed capital but rather expensed in the operating statement.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year end, the government's bank balance of deposits was $557,089. Of the bank balance $100,000 was covered by federal depository insurance or by collateral held by the government's agent in the government's name. Of the remaining balance, $457,089 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

Investments are categorized into these three categories of credit risk:

(1) Insured or registered, or securities held by government or its agent in the government's name.

(2) Uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent in the government's name.

(3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

At year end, the government investment balances were as follows:

	Category 1	Carrying Amount
Commercial Paper	$ 160,197	$ 160,197
Total	$ 160,197	$ 160,197
Investments not subject to categorization:		
Municipal Bond Commission		15,899
Total investments		$ 176,096

A reconciliation of cash and investments as shown on the Combined Balance Sheet of the primary government is as follows:

Carrying amount of cash and deposits	$ 557,089
Carrying amount of investments	176,096
Total	$ 733,185
Cash and cash equivalents	$ 208,750
Cash and cash equivalents–restricted	153,997
Investments	160,197
Investments–restricted	210,241
Total	$ 733,185

B. Receivables

Receivables at year end, net of applicable allowances for uncollectible accounts of $1,758 for the Water fund, are as follows:

	General	Enterprise	Total
Receivables:			
Accounts	$ 10,325	$ 65,250	$ 75,575
Total receivables(net of allowances)	$ 10,325	$ 65,250	$ 75,575

C. Fixed Assets

The Municipality of Mount Hope does not maintain a general fixed assets account group.

The following is a summary of proprietary fund type fixed assets for the Municipality of Mount Hope, West Virginia at June 30, 2001:

	Enterprise Funds
System infrastructure	$ 8,211,173
Less: accumulated depreciation	(2,803,103)
Totals	$ 5,408,070

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2001, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 389,616
Sewer Fund	General Fund	387,694
Total		$ $777,310

E. Leases

Capital leases

The government has entered into a lease agreement as lessee for financing the acquisition of new power generators for its Water fund. This lease agreement qualifies as a capital lease for accounting purposes, and, therefore has been recorded at the present value of future minimum lease payments as of the inception date in the Water fund enterprise fund.

The assets acquired through capital leases are as follows:

Asset	Water Fund
Machinery and Equipment	$ 62,131
Less: Accumulated depreciation	(12,426)
Total	$ 49,705

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2001, were as follows:

Year Ending June 30	Water Fund
2002	$ 17,153
2003	17,153
Total minimum lease payments	34,306
Less: amounts representing interest	1,707
Present value of minimum lease payments	$ 32,599

F. Long–term Debt

Revenue Bonds.

The municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds outstanding, at year end are as follows:

Purpose	Interest Rates	Amount
Wastewater Treatment – Sewer Fund	0%	$ 1,434,125
Total		$ 1,434,125

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Amount
2002	$ 74,500
2003	74,500
2004	74,500
2005	74,500
2006	74,500
Thereafter	1,061,625
Total	$ 1,434,125

G. Restatement of Fund Balance

The fund balance at the beginning of the year of the governmental fund listed below required restatement as follows:

	Governmental Fund General
Fund balance at beginning of year, as previously stated	$ $104,386
Add: Accounts Receivable	$7,718
Fund balance at beginning of year, restated	$ $112,104

H. Contributed Capital

The changes in the Municipality's contributed capital account for the proprietary fund is as follows:

	Enterprise	
Sources	Water	Sewerage
Beginning Balance, contributed capital	$ 857,604	$ 3,070,988
Contributing sources:		
Connection fees:		
Customers	600	0
Ending balance, contributed capital	$ 858,204	$ 3,070,988

I. Reserved Retained Earnings and Restricted Asset Accounts

The balances of the Municipality's restricted asset accounts are as follows:

Customer deposits	$ 1,531
Regular account	14,185
Reserve account	196,056
Reserve for depreciation	152,466
Total restricted assets	$ 364,238

IV. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with State Board of Risk for package/umbrella (general liability) insurance for these various risks.

The Municipality pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. The rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

B. Segment Information--Enterprise Funds

The government maintains two enterprise funds.

The Water and Sewerage Funds account for the provision of basic utility services to all citizens.

Selected segment information for the year ended June 30, 2001, is as follows:

	Water	Sewerage	Total
Operating revenues	$ 375,719	$ 322,482	$ 698,201
Depreciation	85,967	169,210	255,177
Operating expenses	261,218	193,370	454,588
Operating Income	28,534	(40,098)	(11,564)
Interest and fiscal charges	(66,003)	(25,965)	(91,968)
Net income (loss)	(26,381)	(57,640)	(84,021)
Current capital contribution	600	0	600
Fixed asset additions	(4,741)	(7,741)	(12,482)
Net working capital	(195,402)	518,680	323,278
Total assets	1,724,933	4,771,588	6,496,521
Bonds payable	0	1,434,125	1,434,125
Total equity	338,144	2,874,877	3,213,021

C. Subsequent Events

In July 2001, the Municipality of Mount Hope was severely damaged by flood waters. The flooding occurred on two separate occasions. City Hall has since been relocated and the City of Mount Hope has received assistance from the Federal Emergency Management Agency (FEMA). As of November 2001, the City of Mount Hope has received approximately $114,289 in FEMA funding.

D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, mat constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grant or cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

E. Employee Retirement Systems and Plans

The Municipality of Mount Hope, West Virginia does not provide any retirement benefits for its employees.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2001

SINGLE AUDIT REPORTING PACKAGE

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 2001

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Glen B. Gainer III
State Auditor and
Chief Inspector

Lisa Thornburg, CPA
Deputy Chief Inspector

State of West Virginia

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Council
Municipality of Mount Hope
Mount Hope, West Virginia 25880

We have audited the general purpose financial statements of the Municipality of Mount Hope, West Virginia, as of and for the year ended June 30, 2001, and have issued our report thereon, dated January 22, 2002. In that report, our opinion was qualified due to the omission of a General Fixed Asset Account Group and the failure to record a liability for compensated absences. 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.

Compliance

As part of obtaining reasonable assurance about whether the Municipality of Mount Hope's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance which we have listed as item 2001 – 01 on the shCedule of findings and questioned cost.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality of Mount Hope's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable

conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Municipality of Mount Hope's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001–2 through 2001–3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal and state awarding agencies and pass–through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

January 22, 2002

State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Lisa Thornburg, CPA
Deputy Chief Inspector

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable Mayor and Council
Municipality of Mount Hope
Mount Hope, West Virginia 25880

Compliance

We have audited the compliance of the Municipality of Mount Hope, West Virginia, 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 each of its major federal programs for the year ended June 30, 2001. The Municipality of Mount Hope's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Municipality of Mount Hope's management. Our responsibility is to express an opinion on the Municipality of Mount Hope'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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality of Mount Hope's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Municipality of Mount Hope's compliance with those requirements.

In our opinion, the Municipality of Mount Hope, West Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the Municipality of Mount Hope is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Municipality of Mount Hope's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A–133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the Municipality of Mount Hope, West Virginia, as of and for the year ended June 30, 2001, and issued our report thereon dated January 22, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A–133 and is not a required part of the general purpose financial statements of the Municipality of Mount Hope, West Virginia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal and state awarding agencies and pass–through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

January 22, 2002

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2001

	Federal CFDA Number	Total Grantor Expenditures
Environmental Protection Agency		
Pass–through West Virginia Department of Environmental Protection:		
Capitalization Grants for State Revolving Funds	66.458	$ $349,142
Total Environmental Protection Agency		$ $349,142
Total federal expenditures		$ 349,142

The accompanying notes are an integral part of this schedule.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2001

Note 1.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Municipality of Mount Hope, West Virginia and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal Control over Financial Reporting:

- Material weakness identified ? Yes
- Reportable condition identified that is not considered to be material weakness ? No

Non compliance material to the financial statements noted ? No

Federal Awards

Internal Control over Major Programs:

- Material weakness identified ? No
- Reportable condition identified that is not considered to be material weakness ? No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with § __.510(a) of Circular A–133? No

dentification of major programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Program : $ 300,000

Auditee qualify as a low–risk auditee ? No

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Section II – Financial Statement Findings

Failure to Submit Budget Revision to Appropriate the Unexpended Balance – General Fund
2001 – 1

CONDITION:

We determined during our audit that the municipal officials failed to submit a budget revision for the General Fund to appropriate $ 8,804 of the actual unexpended fund balance at June 30, 2000.

CRITERIA:

West Virginia Code 6–9–3 states in part:

" ...all unexpended balances or appropriations shall be transferred to the credit of the fund from which originally appropriated or levied whenever the acccount with an appropriation is closed."

In addition, a State Supreme Court decision stated in part:

"...Any excesses or balances should be carried into the proper funds of the succeeding fiscal year and proper credit made therefor when levies are being laid for that year...." Ireland v board of Education, 115 WV 614, 177 S.E. 452.

CAUSE:

The Municipality failed to appropriate the remaining balance at June 30, 2000 into the next year's budget.

EFFECT:

The Municipality did not include all available funds in the budget.

RECOMMENDATION:

The Municipality is directed to implement effective budgetary controls and submit budget revisions when necessary to appropriate the actual unexpended balance at the year ended into the subsequent year's budget.

AUDITED AGENCY'S RESPONSE:

The municipal officials stated they will review this section of the state code and comply with same.

Section II – Financial Statement Findings

General Fixed Asset Account Group
2001 – 2

CONDITION:

It was noted during our examination the Municipality does not maintain a schedule of the fixed assets for the governmental type operations.

CRITERIA:

Generally accepted accounting principles prescribe that the purchase of fixed assets used in governmental type operations be accounted for in the general fixed asset account group of accounts.

CAUSE:

The Municipality does not have in place procedures to identify and compile schedules of fixed assets.

EFFECT:

The Municipality is substantially understating its assets. The amount would be material and necessitates a qualification of opinion on the financial statements. The Municipality also compromises its custodial responsibility over this important asset.

RECOMMENDATION:

The Municipality needs to establish procedures to identify its fixed assets and record same on schedules that can be continually updated with additions and disposals.

AUDITED AGENCY'S RESPONSE:

The municipal officials stated they will review this suggestion.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Section II – Financial Statement Findings

Segregation of Duties
No. 2001–3

CONDITION:

The examination revealed that inadequate segregation of duties exits with respect to cash transactions that results in inadequate control over cash collections, cash deposits and accounts receivable.

CRITERIA:

Adequate internal control dictates that the duties of authorizing, executing and recording transactions should be assigned to different individuals. No one employee should have custody and control over cash or accounting records.

CAUSE:

The size of the entity does not permit adequate segregation of duties.

EFFECT:

Deficiencies in the segregation of duties could lead to a greater risk that errors and irregularities could occur and not be detected within a timely period in the normal course of business.

RECOMMENDATION:

The Municipality of Mount Hope should segregate duties as much as possible utilizing the staff available.

AUDITED AGENCY'S RESPONSE:

The municipality stated that strict compliance with this regulation is very difficult due to budget of the entity and shortage of staff.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Section III – Federal Award Findings and Questioned Costs

There were no findings at the single audit level for this audit

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

There are no corrective action plan necessary.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2001

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Year Finding	Reference Number	Completion Date	Disposition
Failure to submit budget revisions (Unexpended balance – General Fund)	00–1	1–2–01	Corrected
Expenditures in excess of Levy Estimate – General Fund	00–2	1–2–01	Corrected
Expenditures in excess of Levy Estimate – Coal Severance	00–3	1–2–01	Corrected
Segregation of Duties	00–4	N/A	Repeated in Finding 2001–5
Omission of General Fixed Assets Account Group	00–5	N/A	Repeated in Finding 2001–4

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JACKSON KELLY PLLC]

December 18, 2002

City of Mount Hope
Mount Hope, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Re: City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2002 A

Ladies and Gentlemen:

We have served as bond counsel to the City of Mount Hope (the "Issuer"), a duly created and presently existing municipal corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to the issuance of the City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), dated December 1, 2002, issued in the original aggregate principal amount of $_____. The Bonds are issued in fully registered form, mature on March 1 in the years and amounts and bear interest payable each March 1 and September 1, commencing March 1, 2003, all as set forth in the Official Statement relating to the Bonds.

The 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 Official Statement relating to the Bonds.

The Bonds are issued for the purposes, along with other funds available therefor, of (i) prepaying the Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds") and the Waterworks and Sewerage System Revenue Bonds, Series 1991(the "Series 1991 Bonds"), of the Issuer; (ii) funding a reserve account for the Bonds in the amount of

1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) paying certain issuance and other costs in connection therewith.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act"), an Ordinance duly passed by the Issuer on November 19, 2002, effective December 10, 2002, and a Supplemental Resolution adopted on December 10, 2002 (collectively, the "Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance.

The Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December __, 2002, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Issuer, contained in the Ordinance and the Certificate as to Arbitrage 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, representations and certifications of the Issuer pertaining to tax matters set forth in the Ordinance and the Certificate as to Arbitrage and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, to enter into the Bond Purchase Agreement and perform its obligations under the terms and provisions thereof, to refund the Series 1986 Bonds and the Series 1991 Bonds and to issue and sell the 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 the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and the Continuing Disclosure Certificate and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. The Bonds, subject to the terms thereof, constitute valid, legally enforceable and binding special obligations of the Issuer, payable from and secured by a first lien on and pledge of the Net Revenues of the System and are issued on a parity with respect to liens, pledge and source of and security for payment with the Series 1999 Bonds, and are enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance 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 Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect of the Bonds.

5. Under the Act, the 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, except inheritance, estate and transfer taxes.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" in the Ordinance and covenanted therein that it did not reasonably expect to issue more than $10,000,000 in aggregate principal amount of obligations (other than private activity bonds) the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes during the calendar year 2002. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. The Series 1986 Bonds and the Series 1991 Bonds have been paid within the meaning and with the effect expressed in the 1986 Ordinance and the 1991 Ordinance, and the covenants, agreements and other obligations of the Issuer to the owners of the Series 1986 Bonds and the Series 1991 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the owners of the Series 1986 Bonds and the Series 1991 Bonds that the entire outstanding principal of the Series 1986 Bonds and the Series 1991 Bonds and all interest accrued thereon have been paid in full on the date hereof.

It is to be understood that the rights of the owners of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance, the Continuing Disclosure Certificate and the Bond 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 No. AR-1 and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

CITY OF MOUNT HOPE
as Issuer,

Dated as of December 18, 2002

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THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is made and entered into as of the 18th day of December, 2002, by CITY OF MOUNT HOPE (the "Issuer).

RECITALS:

WHEREAS, the Issuer has issued or will issue its $1,315,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), pursuant to a Bond Ordinance enacted on December 10, 2002 (the "Ordinance"), to (i) prepay certain outstanding bonds of the Issuer; (ii) fund a reserve account for the Series 2002 A Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) pay costs relating to the issuance of the Bonds; and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement dated December 6, 2002, and an Official Statement dated December __, 2002 (collectively, the "Offering Document"); and the Issuer has entered into a Bond Purchase Agreement, dated as of December __, 2002 (the "Bond Purchase Agreement"), with respect to the sale of the Bonds, with the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Issuer wishes to provide for the disclosure of certain information concerning the Bonds and other matters on a continuing basis as set forth herein for the benefit of the Bondholders in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Ordinance, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Ordinance, as amended and supplemented from time to time. In addition, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean annual financial information and operating data customarily prepared by the Issuer and which is publicly available and which appears in the Offering Document. The Issuer customarily prepares audited annual financial information using generally accepted accounting procedures, provided however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. This Annual Financial Information is customarily available to the public.

"Disclosure Representative" shall mean the Mayor of the Issuer, and any successor thereto, or such other person as the Issuer may from time to time designate in writing.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean, as to the Issuer, any of the events listed in items (i) through. (xii) below, the occurrence of which the Issuer and/or the Disclosure Representative obtains knowledge, and which the Issuer or Disclosure Representative determines would constitute material information for Bondholders, provided, that the occurrence of an event described in clauses (iii), (v), (vi), (vii), (x), (xi) and (xii) shall always be deemed to be material. The following events, if material, shall constitute Material Events:

(i) any delinquency in the payment of principal of or interest on the Bonds;

(ii) any nonpayment related Event of Default under the Ordinance;

(iii) the occurrence of any unscheduled draws on any debt service reserve fund or account under the Ordinance reflecting financial difficulties;

(iv) the occurrence of any unscheduled draws on credit enhancements reflecting financial difficulties;

(v) any substitution of credit or liquidity providers or the failure of any such credit or liquidity providers to perform;

(vi) any adverse tax opinions or other events affecting the exclusion from gross income of the interest on the Bonds;

(vii) any modifications of the rights of any Bondholder;

(viii) the notice to the Bondholders of any optional or other unscheduled redemption;

(ix) the defeasance of any Bonds;

(x) the release, substitution or sale of property securing the repayment of the Bonds;

(xi) any change in any rating provided by a nationally recognized municipal securities rating agency on the Bonds; and

(xii) any other material event affecting the Bonds or the Issuer.

"NRMSIR" shall mean all of the Nationally Recognized Municipal Securities Information Repositories as of the date hereof, as set forth in EXHIBIT A hereto, and all future Nationally

Recognized Municipal Securities Information Repositories approved by the SEC from time to time.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository, as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the State of West Virginia.

"Turn Around Period" shall mean two (2) business days with respect to Material Event occurrences disclosed by the Issuer to the Disclosure Representative, or, which otherwise become known to the Disclosure Representative.

(B) This Certificate applies to the Bonds and any additional bonds or other obligations issued under the Ordinance or any supplement thereto.

(C) The Disclosure Representative shall have no obligation to make disclosure in connection with the Bonds or the Project except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Representative under any other agreement with the Issuer.

Section 2. Disclosure of Information.

(A) General Provisions. This Certificate governs the Issuer's direction to the Disclosure Representative, with respect to information to be made public and in its actions under this Certificate.

(B) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 3 hereof, the Issuer shall make or cause the Disclosure Representative to make public the information set forth in subsections (1) and (2) below:

(1) Annual Financial Information. Annual Financial Information of the Issuer at least annually not later than nine (9) months after the end of the fiscal year (the "Disclosure Date"), beginning with the fiscal year ending June 30, 2003, and continuing with each fiscal year thereafter, shall be subject to disclosure. The Disclosure Representative shall, on behalf of the Issuer, provide Annual Financial Information to the NRMSIR and SID not later than the Disclosure Date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted

separately from the balance of the Annual Financial Information.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(C) Information Provided by Disclosure Representative to Public.

(1) The Issuer directs the Disclosure Representative on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Representative agrees to act as the Issuer's agent in so making public, as regards the operations of the Issuer, the following:

(a) Annual Financial Information;

(b) Material Event occurrences; and

(c) such other information as the Issuer shall determine to make public through the Disclosure Representative.

The Issuer shall provide such information to the Disclosure Representative in the form required by subsection (C)(2) of this Section 2. If the Issuer chooses to include any information in any financial information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future financial information report or notice of occurrence of a Material Event.

(2) The information, which the Issuer has agreed to make public, shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Representative by the Issuer, in the form of notice required by the Ordinance, this Certificate or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Representative shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Representative shall make public the Annual Financial Information and Material Event occurrences within the applicable Turn Annual Period. Notwithstanding the foregoing, Material Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer to the Disclosure Representative has not been provided on a timely basis, the Disclosure Representative shall make such information public as soon thereafter as it is provided to the Disclosure Representative.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer or the Disclosure Representative under this Certificate if it is transmitted to one or more of the following as provided in subsection (D)(2) of this Section 2:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Ordinance;

(b) to each NRMSIR, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a NRMSIR by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the NRMSIR;

(c) to the SID (if a SID is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a SID by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SID;

(d) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the MSRB; and/or

(e) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Material Events shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(b) any notice of a failure by the Issuer to provide required Annual Financial Information, on or before the date required by this Certificate shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(c) any other information which the Issuer decides to make public shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State); and

(d) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

Nothing in this subsection shall be construed to relieve the Registrar and Paying Agent under the Ordinance, of its obligation to provide notices to the holders of all Bonds if such notice is required by the Ordinance, but nothing herein shall be construed to require them to take any actions other than those set forth in the Ordinance.

Nothing in this Certificate shall be construed to require the Disclosure Representative to interpret or provide an opinion concerning the information made public. If the Disclosure Representative receives a request for an interpretation or opinion, the Disclosure Representative may refer such request to the Issuer for response.

Section 3. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate (and the Disclosure Representative shall agree to any amendment so requested by the Issuer) and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 4. Miscellaneous.

(A) Compliance with Prior Continuing Disclosure Certificates. The Issuer certifies that, except as is set forth in the Preliminary Official Statement and the Official Statement, it is as of the date hereof in compliance with the provisions of all continuing disclosure certificates or similar agreements or certificates heretofore delivered in connection with the issuance of any prior bonds.

(B) Representations. The Issuer represents and warrants (i) that it has duly authorized the execution and delivery of this Certificate by its Mayor, (ii) that it has all requisite power and authority to execute and deliver, and perform this Certificate under its organizational documents and any ordinances or resolutions now in effect, (iii) that the execution and delivery of this Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, ordinance, resolution, decree, agreement or instrument by which it is bound, and (iv) that it is not aware of any litigation or proceeding pending, or, to the best of its knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Certificate, or its due authorization, execution and delivery of this Certificate, or otherwise contesting or questioning the issuance of the Bonds.

(C) Governing Law. This Certificate shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any

other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Certificate shall be interpreted and construed in a manner consistent therewith.

(D) Severability. If a court of competent jurisdiction hereof shall hold any provision invalid or unenforceable, the remaining provisions hereof shall survive and continue in full force and effect.

(E) Counterparts. This Certificate may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(F) Termination. This Certificate may be terminated by the Issuer upon thirty days' written notice of termination, provided that notice of the termination of this Certificate is provided to each NRMSIR, the appropriate SID, if any, and/or the MSRB and further provided that nationally recognized bond counsel provides an opinion that the new continuing disclosure certificate is in compliance with all State and Federal Securities laws; provided, however, the termination of this Certificate is not effective until the Issuer, or its successor, enters into a new continuing disclosure certificate and agrees to continue to provide, to each NRMSIR, SID and/or the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB.

This Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity, or if the Rule should be changed so as to no longer require this Certificate.

(G) Defaults: Remedies. The Issuer shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to the Issuer, the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds shall, or any Bondholder may, take such actions as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer to comply with its obligations under this Certificate. The Issuer acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder; and, therefore, agrees that the remedy of specific performance shall be the sole remedy available in any proceeding to enforce this Certificate. The occurrence of any event of default as provided in this Certificate shall not constitute an event of default under the Ordinance.

(H) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Representative, the Participating Underwriter and Bondholders and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Issuer has caused it duly authorized officer to execute this Certificate as of the day, month and year first have been written.

CITY OF MOUNT HOPE

By: _____
Mayor

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of December 1, 2002:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/muni_contactinfo.html
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
http://www.interactivedata.com
Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

The following are definitions of certain words and terms used in this Official Statement and summaries of the Ordinance. These definitions and summaries do not purport to be final, complete or definitive, and reference is made in each case to the entire text of the final Ordinance which reference is made for the complete and actual terms thereof. Words and terms used herein that are not defined herein shall have the same meanings as set forth in the Ordinance.

Definitions.

"Act" means, collectively, Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2002 A Bonds.

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

"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, and shall initially mean Jackson Kelly PLLC, Charleston, West Virginia.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Series 2002 A Bonds and which shall be designated as such in the Supplemental Resolution, and in the event no such entity is so designated, all references in the Ordinance to the Bond Insurer shall be null and void and have no force and effect.

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

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

"Bonds" means, collectively, the Series 2002 A Bonds, the Series 1999 Bonds and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in the Ordinance.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2002 A Bonds, in substantially the form set forth in EXHIBIT A - BOND FORM of the Ordinance.

"Certificate of Determination" means the Certificate of Determination setting forth the specific terms of the Series 2002 A Bonds, to be executed by the Mayor upon the sale of the Series 2002 A Bonds, the form of which shall be approved in the Supplemental Resolution.

"City" or "Issuer" means the City of Mount Hope, a municipal corporation and political subdivision of the State of West Virginia, in Fayette County thereof, and, where appropriate, the Council and any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds for the proceeds representing the original purchase price thereof.

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

"Consulting Engineers" means any 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, the costs of refunding the Series 1986 Bonds and the Series 1991 Bonds, interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2002 A Bonds and the refunding of the Series 1986 Bonds and the Series 1991 Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by the Ordinance.

"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.

"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-eligible" means, with respect to the Series 2002 A Bonds, meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"Escrow Agent" means the Escrow Agent under the Escrow Agreement, which shall be appointed pursuant to the Supplemental Resolution.

"Escrow Agreement" means the Escrow Agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and ultimate payment of the Series 1986 Bonds and the Series 1991 Bonds, the deposit therein of proceeds of the Series 2002 A Bonds, the disposition of moneys in the various funds and accounts of the Series 1986 Bonds and the Series 1991 Bonds and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

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

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

"Independent Accountants" or "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 purpose except keeping the accounts of the System in the normal operations of its business and affairs.

"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 2002 A Bonds, insuring the payment of the principal of and interest on all or any of the Series 2002 A Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2002 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series

2002 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds or any other proceeds of the Series 2002 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2002 A 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, the fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided that, "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds; charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"1986 Ordinance" means the ordinance passed by the Issuer on February 20, 1986, authorizing the Series 1986 Bonds.

"1991 Ordinance" means the ordinance passed by the Issuer on November 20, 1990, authorizing the Series 1991 Bonds.

"Original Purchaser" means Crews & Associates, Inc., Charleston, West Virginia, as the purchaser of the Series 2002 A Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2002 A Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2002 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2002 A Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of the Series 2002 A Bonds.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under the Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by the Ordinance; and (d) with respect to determining the number or percentage of Registered Owners for the purpose of consents, notices and the like, any Bond registered to the Issuer.

"Paying Agent" means the Bond Commission or any other Paying Agent designated as such for the Series 2002 A Bonds in the Supplemental Resolution, and any successor thereto.

"Prior Ordinance" means the ordinance passed by the Issuer on May 4, 1999, authorizing the Series 1999 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.

"Purchase Price," for the purpose of computation of the Yield of the Series 2002 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2002 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2002 A Bonds of each maturity is sold or, if the Series 2002 A Bonds are privately placed, the price paid by the first buyer of the Series 2002 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2002 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2002 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

"Record Date" means the day of the month which shall be so stated in the Series 2002 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recorder" means the Recorder of the Issuer.

"Redemption Date" means the date fixed for redemption of the Series 1986 Bonds and the Series 1991 Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 1986 Bonds and the Series 1991 Bonds of the Issuer may be called for redemption and includes the principal amount

of such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2002 A Bonds, and any successor thereto.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986, as amended.

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

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2002 A Bonds and the Series 1999 Bonds.

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

"Revenue Fund" means the Revenue Fund created by the Prior Ordinance and continued by the Ordinance.

"Series 2002 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, of the Issuer, originally authorized to be issued pursuant to the Ordinance and the Supplemental Resolution.

"Series 2002 A Bonds Rebate Fund" means the Series 2002 A Bonds Rebate Fund created by the Ordinance.

"Series 2002 A Bonds Redemption Account" means the Series 2002 A Bonds Redemption Account created by the Ordinance.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account created by the Ordinance.

"Series 2002 A Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2002 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2002 A Bonds.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund created by the Ordinance.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2002 A Bonds and the Series 1999 Bonds.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental to the Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of the Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2002 A Bonds, authorizing the sale of the Series 2002 A Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

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

"Term Bonds" means Series 2002 A Bonds subject to mandatory sinking fund redemption, as described in the Ordinance.

Funds and Accounts.

The Ordinance establishes the following funds with the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Costs of Issuance Fund; and

(4) Series 2002 A Bonds Rebate Fund.

The Ordinance establishes the following funds and accounts with the Bond Commission:

(1) Series 2002 A Bonds Sinking Fund;

(2) Series 2002 A Bonds Reserve Account; and

(3) Series 2002 A Bonds Redemption Account.

Payments into Funds and Accounts.

The Ordinance provides that 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 constitute a trust fund for the purposes provided in the Prior Ordinance and in the Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in the Ordinance. All Revenues 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, each month, transfer from the Revenue Fund and pay all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, commencing 6 months prior to the first interest payment date of the Series 2002 A Bonds, transfer from the Revenue Fund and remit to the Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 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 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 2002 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2002 A Bonds deposited therein.

(3) The Issuer shall 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 Series 1999 Bonds Sinking Fund the amount required by the Prior Ordinance to pay principal of the Series 1999 Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, and in the Series 2002 A Bonds Redemption Account in the case of the Term Bonds which are to be redeemed, an amount equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2002 A 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 and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1999 Bonds Reserve Account the amount required by the Prior Ordinance; and (ii) commencing 12 months prior to the first principal payment date of the Series 2002 A Bonds, if not fully funded

upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement.

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

Bonds not to be Indebtedness of the Issuer.

The Series 2002 A Bonds shall not 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 funds pledged for such payment by the Ordinance. No Registered Owner of any Series 2002 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 A Bonds or the interest thereon.

Bonds Secured by Pledge of Net Revenues.

The payment of the debt service of all of the Series 2002 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity in all respects with the lien on the Net Revenues in favor of the Registered Owners of the Series 1999 Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2002 A Bonds and the Series 1999 Bonds, and all other payments provided for in the Ordinance, are hereby irrevocably pledged in the manner provided in the Ordinance to such payments as the same become due and for the other purposes provided in the Ordinance.

Rates.

Equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay all Operating Expenses and to make the prescribed payments into the

funds and accounts created in the Ordinance. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenanted and agreed that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds; provided that, in the event that an amount equal to or in excess of the Series 2002 A Bonds Reserve Requirement is on deposit in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds.

The Issuer covenanted 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 60 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Operation and Maintenance.

The Issuer will operate and maintain the System in good condition and as a revenue-producing enterprise in an efficient and economical manner, making all necessary expenditures for equipment renewal, repair and replacement. The Issuer will also operate and maintain the System in compliance with all federal and state laws.

Sale of the System.

So long as the Series 1999 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 Ordinance. Additionally, so long as the Series 2002 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully the Series 2002 A Bonds or to effectively defease the pledge created by the Ordinance. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002 A Bonds, be immediately remitted to Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2002 A Bonds. Any balance remaining after the payment of the Series

2002 A Bonds and the interest thereon 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 Issuer shall have and reserved the right to sell, lease or otherwise dispose of any of the property comprising a part of the System determined in the manner provided in the Ordinance to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption prices of such Bonds. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of the 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, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners, 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 Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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 the Ordinance, payable from the Net Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Net 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 all funds and accounts set forth in the Ordinance have been made and are current at the time of the issuance of such subordinate obligations.

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 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 the Ordinance or upon the System or any part thereof.

Additional Parity Bonds.

So long as the Series 1999 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance 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 2002 A Bonds pursuant to the Ordinance, without complying with the conditions and requirements provided in the Ordinance (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds shall be on a parity in all respects with the Series 2002 A Bonds.

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

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in the 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for

appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

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

The term "Parity Bonds" shall be deemed to mean additional Bonds issued under the provisions and within the limitations of the Ordinance, payable from the Net Revenues of the System on a parity with the Series 2002 A Bonds, and all covenants and other provisions of the Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2002 A Bonds and the Registered Owners of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with the Ordinance and the Prior Ordinance. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any such Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

The term "Parity Bond" 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 2002 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 equally, as to lien on and source of and security for payment from such revenues, with the Bonds except in the manner and under the conditions provided in the Ordinance.

No additional parity bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance and the Prior Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in the Ordinance and the Prior Ordinance, shall have been made in full as required to the date of issuance of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of the Ordinance and the Prior Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Insurance.

The Issuer shall carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or

carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks, so long as the Series 2002 A Bonds are outstanding. The Issuer shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance. The Issuer shall itself, or shall require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form), such insurance to be made payable to the order of the Issuer, the prime contractor and all subcontractors, as their interests may appear. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer shall also carry liability insurance for death or injury to persons or damage to property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

No Free Services.

The Issuer will not render or cause to be rendered any free services of any nature by the System nor shall 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 thereof shall avail themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Enforcement of Collections.

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid 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 to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Books and Records.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner 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, 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 Issuer. 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 or the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall also file with the Original Purchaser, and mail to any Registered Owner requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2002 A Bonds issued pursuant to the Ordinance and shall file said report with the Original Purchaser.

Operating Budget.

The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Registered Owner or anyone acting for and on behalf of such Registered Owner who requests the same.

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 waterborne waste matter produced or arising within the territory served by the sewerage facilities 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 facilities 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 facilities 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.

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 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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 2002 A 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 2002 A 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2002 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 A 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 2002 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2002 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.

Statutory Mortgage Lien.

For the further protection of the Registered Owners, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series

2002 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Series 1999 Bonds.

Events of Default.

Each of the following events shall constitute an "Event of Default" under the Ordinance:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2002 A Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in the Ordinance or any Supplemental Resolution or in the Series 2002 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Registered Owner or any Bond Insurer;

(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 Series 1999 Bonds or the Prior Ordinance.

Enforcement.

Upon the happening and continuance of any Event of Default, any Registered Owner 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 of or interest on the Series 2002 A Bonds then due;

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

(C) Bring suit upon the Series 2002 A Bonds;

(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 Registered Owners; and

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

No remedy by the terms of the Ordinance conferred upon or reserved to the Registered Owners 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 Registered Owners under the Ordinance 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 Registered Owners shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

All rights and remedies of the Registered Owners of the Series 2002 A Bonds shall be on a parity with those of the Registered Owners of the Series 1999 Bonds.

Appointment of Receiver.

If there be any Event of Default existing and continuing, any Registered Owner (or any Bond Insurer if the defaulted Bonds are insured) 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 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 the 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 the System and shall hold, operate, maintain, manage and control the System, 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 the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of the 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 the Ordinance 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 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 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 in the Ordinance 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 in the Ordinance.

Any receiver appointed shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Registered Owners of the Bonds issued pursuant to the 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 Registered Owners, and the curing and making good of any default under the provisions of the 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.

Restoration of Issuer and Registered Owner.

In case any Registered Owner shall have proceeded to enforce any right under the 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 Registered Owner shall be restored to their former positions and rights, and all rights and remedies of such Registered Owner shall continue as if no such proceedings had been taken.

Defeasance of Bonds.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of all the Series 2002 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the Ordinance and the pledges of the Net Revenues and other moneys and securities pledged, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2002 A Bonds made under the Ordinance, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

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 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 above paragraph. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if there shall have been deposited with the Bond Commission or an escrow trustee 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 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 moneys

deposited with the Bond Commission or an escrow trustee 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. For the purpose of this section, securities shall mean and include only Government Obligations or such additional securities as shall be set forth in the Supplemental Resolution.

Amendment of Ordinance.

Prior to issuance of the Series 2002 A Bonds, the Ordinance may be amended 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 the Ordinance, shall be controlling. Following issuance of the Series 2002 A Bonds, the Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2002 A Bonds, provided that, in the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of the applicable Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to the Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of the Bonds then Outstanding and affected thereby and the Bond Insurer. 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 Registered Owner of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

NEW ISSUE

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2002 A Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and interest on the Series 2002 A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2002 A Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. Further, in the opinion of Bond Counsel, under existing laws of the State of West Virginia, the Series 2002 A 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, except inheritance, estate and transfer taxes. See "TAX MATTERS" herein.

$1,285,000
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

Dated: December 1, 2002 Due: March 1, as shown below

The Series 2002 A Bonds are issuable only as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. All of the Series 2002 A Bonds initially issued will be maintained under a book-entry system under which The Depository Trust Company, New York, New York ("DTC"), will act as securities depository. Purchases of the Series 2002 A Bonds will be in book-entry form only. Semiannual interest on the Series 2002 A Bonds is payable beginning March 1, 2003, and each March 1 and September 1 thereafter. So long as the Series 2002 A Bonds are maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Series 2002 A Bonds will be made when due by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent, to DTC in accordance with the Ordinance and any Supplemental Resolution, and the Paying Agent will have no obligation to make any payments to any beneficial owner of any Series 2002 A Bonds. See "THE SERIES 2002 A BONDS" and "BOOK-ENTRY ONLY SYSTEM." The Series 2002 A Bonds are subject to redemption prior to maturity as described herein.

The Series 2002 A Bonds are being issued, together with other funds available therefor, to: (i) prepay the City of Mount Hope's (the "Issuer") Waterworks and Sewerage System Revenue Bonds, Series 1986 and Waterworks and Sewerage System Revenue Bonds, Series 1991; (ii) fund a reserve account for the Series 2002 A Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) pay certain costs of issuance of the Series 2002 A Bonds and related costs.

The Series 2002 A Bonds are payable from and secured by the Net Revenues derived from the existing combined waterworks and sewerage system of the Issuer and any extensions, improvements and betterments thereto and from funds on deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account. The Series 2002 A Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, and the Issuer shall not be obligated to pay the principal of, premium, if any, and interest on the Series 2002 A Bonds, except from the Net Revenues and such funds on deposit. Neither the full faith and credit nor the taxing power of the Issuer shall be deemed to be pledged to, nor shall any tax be levied for, the payment of the principal of, premium, if any, or interest on the Series 2002 A Bonds.

The Issuer has designated the Series 2002 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

This cover page contains certain information for quick reference only and is not a complete summary of the Bonds or the security thereof. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2002 A 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 Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel. John H. Shumate, Jr., Mount Hope, West Virginia, as counsel to the Issuer, will pass upon certain legal matters for the Issuer. Goodwin & Goodwin, LLP, Charleston, West Virginia, as counsel to the Underwriter, will pass upon certain legal matters for the Underwriter. It is expected that the Series 2002 A Bonds will be available for delivery to DTC in New York, New York, on or about December 18, 2002.

CREWS & ASSOCIATES, INC.

Dated: December 10, 2002

$1,285,000
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

$330,000	**4.000%**	**Series 2002 A Term Bonds due March 1, 2008 at 100%**
$385,000	**4.700%**	**Series 2002 A Term Bonds due March 1, 2013 at 100%**
$390,000	**5.000%**	**Series 2002 A Term Bonds due March 1, 2017 at 97.511%**
$ 50,000	**5.400%**	**Series 2002 A Term Bonds due March 1, 2022 at 97.656%**
$ 35,000	**5.500%**	**Series 2002 A Term Bonds due March 1, 2025 at 97.489%**
$ 95,000	**5.700%**	**Series 2002 A Term Bonds due March 1, 2031 at 97.930%**

(Accrued interest to be added)

CITY OF MOUNT HOPE, WEST VIRGINIA

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Wendy Romage, Recorder

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Norville Ellison
Betty Lilly
Mal Parker
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Charleston, West Virginia

PAYING AGENT
West Virginia Municipal Bond Commission
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 2002 A 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 Issuer 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 Issuer 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 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2002 A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
$1,285,000
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REFUNDING REVENUE BONDS,
SERIES 2002 A

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning the City of Mount Hope, West Virginia (the "Issuer"), the Issuer's combined waterworks and sewerage system hereinafter described and the Issuer's $1,285,000 in aggregate principal amount of Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Series 2002 A Bonds"). The Series 2002 A Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 8, Article 20 and Chapter 13, Article, 2E of the Code of West Virginia of 1931, as amended (collectively, the "Act"), and an Ordinance enacted by the City Council of the Issuer on December 10, 2002 (the "Ordinance"), as supplemented and amended by a Supplemental Resolution adopted by the Council of the Issuer, on December 10, 2002, pursuant to the Ordinance (the "Supplemental Resolution", and together with the Ordinance, the "Ordinance").

The proceeds of the Series 2002 A Bonds, together with other funds available therefor, will be used as follows: (i) to prepay the Issuer's Waterworks and Sewerage System Revenue Bonds, Series 1986 and Waterworks and Sewerage System Revenue Bonds, Series 1991 (collectively, the "Refunded Bonds"); (ii) to fund a reserve account for the Series 2002 A Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) to pay certain costs of issuance of the Series 2002 A Bonds and related costs.

The Series 2002 A Bonds are payable from and secured by the Net Revenues, as defined in the Ordinance and hereinafter, derived from the existing combined waterworks and sewerage system of the Issuer and any extensions, improvements or betterments thereto (the "System") and from funds on deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account. The Series 2002 A Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, and the Issuer shall not be obligated to pay the Series 2002 A Bonds or premium, if any, or the interest thereon except from the Net Revenues and such funds on deposit.

Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby so as to produce for each fiscal year Net Revenues, as defined in the Ordinance and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on a parity with the Series 2002 A Bonds; provided that, in the event that an amount equal to or in excess of the Series 2002 A Bonds Reserve Requirement is on deposit in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any

succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds. See "SECURITY FOR THE SERIES 2002 A BONDS - Rate Covenant."

The Series 2002 A Bonds will be dated, will mature, will bear interest and will be subject to redemption prior to maturity as more fully described on the cover page and under the heading "THE SERIES 2002 A BONDS" herein. The Series 2002 A Bonds initially will be maintained under a book-entry system. So long as the Series 2002 A Bonds are maintained under a book-entry system, the manner of payment, the denominations, the transfer and exchange of ownership and the method of providing notice of redemption to the owners of the Series 2002 A Bonds shall be determined as described under the "BOOK-ENTRY ONLY SYSTEM" herein. If the book-entry system is discontinued, principal of, interest, and premium, if any, on the Series 2002 A Bonds will be payable by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"), to the owners thereof at the addresses appearing in the books kept by Bank One, West Virginia, National Association as registrar (the "Registrar"). For further information describing the method of payment and other matters in the event the book-entry system is discontinued, see "THE SERIES 2002 A BONDS" herein.

For a description of the exclusion of interest on the Series 2002 A Bonds from gross income for federal and state income tax purposes, see "TAX MATTERS" herein.

The Issuer may issue additional bonds on parity with the Series 2002 A Bonds for the purpose of financing the cost of the construction or acquisition of additions, improvements and betterments to the System and/or refunding one or more or all series of bonds issued pursuant to the Ordinance subject, in each case, to certain tests and conditions provided for by the Ordinance (the Series 2002 A Bonds and any such additional parity bonds are hereinafter referred to as the "Bonds"). See "SECURITY FOR THE SERIES 2002 A BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2002 A Bonds, the Issuer and certain provisions of the Ordinance and 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, 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 Series 2002 A 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 shall have the respective meanings given them in the Ordinance. Copies of the Ordinance and other applicable documents may be obtained from the Issuer or, during the period of offering the Series 2002 A Bonds, from the Underwriter.

FINANCING PLAN

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2002 A Bonds	$1,285,000.00
Accrued Interest	2,872.76
Transfer from Refunded Bonds Reserve Accounts	138,552.02
Total Sources	$1,426,424.78
Uses of Funds:	
Prepayment of Refunded Bonds	$1,326,774.06
Series 2002 A Bond Reserve Account	1,040.00
Original Issue Discount	13,724.45
Underwriter's Discount	40,000.00
Accrued Interest into Series 2002 A Bonds Sinking Fund	2,872.76
Costs of Issuance (1)	42,013.51
Total Uses	$1,426,424.78

(1) Includes legal and financing fees, printing costs and other miscellaneous expenses relating to the issuance of the Series 2002 A Bonds.

THE SERIES 2002 A BONDS

General

The Series 2002 A Bonds are dated and bear interest from December 1, 2002, upon original issuance. Any Series 2002 A Bond issued in exchange on or subsequent to said first interest payment date will be dated as of the interest payment date next preceding the date of authentication thereof unless the date of authentication is an interest payment date on which interest on said Series 2002 A Bond shall have been paid in full or duly provided for, in which case said Series 2002 A Bond shall be dated such date of authentication; or unless, as shown by the records of the Registrar, interest on such Series 2002 A Bond shall be in default, in which case any Series 2002 A Bond issued in exchange for a Series 2002 A Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2002 A Bonds will bear interest from their date, payable semiannually on each March 1 and September 1, commencing March 1, 2003, upon original issuance, at the rates per annum and will mature on the dates and in the amounts set forth on the cover page of this Official Statement.

The Series 2002 A Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof for any year of maturity. The Series 2002 A Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Series 2002 A Bonds and payments of principal of, redemption price, if any, and interest on the Series 2002 A Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is

discontinued, interest on the Series 2002 A Bonds will be payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by the Registrar as of the 15th day of the month preceding such interest payment date or, in the event of a default in the payment of the Series 2002 A Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date (the "Record Date"). If the book-entry system is discontinued, principal of, premium, if any, and interest on the Series 2002 A Bonds will be payable to the owner thereof upon surrender thereof at the principal corporate trust department office of the Paying Agent.

So long as the Series 2002 A Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2002 A Bonds will be made as described herein under "BOOK-ENTRY ONLY SYSTEM." If the book-entry system is discontinued, ownership of any Series 2002 A Bond may be transferred upon surrender thereof to the Registrar, 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 Series 2002 A Bond, there will be issued another Series 2002 A Bond or Series 2002 A Bonds, at the option of the transferee, of the same aggregate principal amount, series, maturity and interest rate as said Series 2002 A Bond. For every exchange or transfer of Series 2002 A 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. The Issuer shall pay any service charge of the Registrar and any applicable tax or other governmental charge.

Optional Redemption

The Bonds maturing on and after March 1, 2013, are subject to redemption, on or after March 1, 2008, at the option of the Issuer, in whole or in part at any time, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
March 1, 2008 to February 28, 2009	102%
March 1, 2009 to February 28, 2010	101
March 1, 2010 and thereafter	100

Sinking Fund Redemption

The Series 2002 A Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2002 A Bonds Sinking Fund at redemption prices equal to 100% of the principal amounts thereof, plus accrued interest to the mandatory redemption dates, on the dates and in the amounts set forth below:

Series 2008 Term Bonds

Year	Amount	Year	Amount
2003	$10,000	2006	$65,000
2004	60,000	2007	65,000
2005	60,000	2008*	70,000

Series 2013 Term Bonds

Year	Amount	Year	Amount
2009	$70,000	2012	$80,000
2010	75,000	2013*	85,000
2011	75,000		

Series 2017 Term Bonds

Year	Amount	Year	Amount
2014	$90,000	2016	$100,000
2015	95,000	2017*	105,000

Series 2022 Term Bonds

Year	Amount	Year	Amount
2018	$10,000	2021	$10,000
2019	10,000	2022*	10,000
2020	10,000		

Series 2025 Term Bonds

Year	Amount	Year	Amount
2023	$10,000	2025*	$15,000
2024	10,000		

Series 2031 Term Bonds

Year	Amount	Year	Amount
2026	$15,000	2029	$15,000
2027	15,000	2030	15,000
2028	15,000	2031*	20,000

The principal amount of Series 2002 A Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2002 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

*Stated maturity.

Notice of Redemption

So long as the Series 2002 A Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2002 A Bonds shall be given as described below under "BOOK-ENTRY ONLY SYSTEM." At any other time, notice to the registered owner of any redemption shall be given by the Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by first class mail at the address appearing in the Register. Failure to receive such notice or any defect in the mailing thereof shall not affect the validity of any proceedings for the redemption of the Series 2002 A Bonds; and failure to mail such notice shall not affect the validity of any such proceedings for any Series 2002 A Bond with respect to which no such failure has occurred. After notice of redemption has been given in the manner hereinabove and in the Ordinance described and moneys necessary therefor have been deposited, the Series 2002 A Bonds specified in such notice shall on the date fixed for redemption be deemed paid, and interest thereon shall cease to accrue.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from sources that the Issuer and the Underwriter believe to be reliable, but neither the Issuer nor the Underwriter take any responsibility for the accuracy thereof.

The Depository Trust Company

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2002 A Bonds. The Series 2002 A Bonds will be issued as fully registered securities registered in the name of Cede & Co., DTC's partnership nominee. One fully registered certificate of the Series 2002 A Bonds will be issued for each maturity of the Series 2002 A Bonds in the principal amount equal to the aggregate principal amount of the Series 2002 A Bonds of such maturity and will be deposited with DTC.

DTC 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, as amended. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a

Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Ownership of Series 2002 A Bonds

Purchases of the Series 2002 A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002 A Bonds on DTC's records. The ownership interest of the actual purchasers of each Series 2002 A Bond (the "Beneficial Owner") is in turn to be recorded on the Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participants through which the Beneficial Owners entered to the transaction. Transfers of ownership interests in the Series 2002 A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Series 2002 A Bonds except in the event that use of the book-entry system for the Series 2002 A Bonds is discontinued under the circumstances described below under "Discontinuance of Book Entry System."

To facilitate subsequent transfers, Series 2002 A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2002 A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002 A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002 A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by 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. If the consent or vote of DTC or Cede & Co. is requested, under its usual procedures, DTC will mail an Omnibus Proxy to the Issuer as soon as possible after the record date assigning Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2002 A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

So long as a nominee of DTC is the registered owner of the Series 2002 A Bonds, references herein to the Bondholders or the holders or owners of the Series 2002 A Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2002 A Bonds. The Issuer and the Paying Agent will recognize DTC or its nominee as the holder of all of the Series 2002 A Bonds for all purposes, including the payment of the principal or redemption price of and interest on the Series 2002 A Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Ordinance.

Neither the Issuer nor the Paying Agent will have any responsibility or obligation to Participants or Beneficial Owners with respect to payments or notices to Participants or Beneficial Owners.

Payments on and Redemption of Series 2002 A Bonds

So long as the Series 2002 A Bonds are held by DTC under a book-entry system, principal or redemption price of and interest payments on the Series 2002 A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the date on which such principal or interest is payable in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. 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," subject to any statutory or regulatory requirements as may be in effect from time to time, and will be the responsibility of such Participants and not of DTC, the Paying Agent or the Issuer. Payment of principal and interest to DTC is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

So long as the Series 2002 A Bonds are held by DTC under a book-entry system, the Registrar will send any notice of redemption with respect to the Series 2002 A Bonds only to Cede & Co. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant or any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the proceedings for the redemption of the Series 2002 A Bonds or of any other action premised on such notice. If fewer than all of the Series 2002 A Bonds of any maturity are selected for redemption, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Any such selection of Direct Participants to which any such partial redemption will be credited will not be governed by the Ordinance and will not be made by the Issuer, the Registrar or the Paying Agent.

The Issuer, the Registrar and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Series 2002 A Bonds paid to DTC or its nominee as the registered owner of the Series 2002 A Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

DTC may charge the Participants a sum sufficient to cover any tax, fee or other governmental charge that may be imposed for every transfer and exchange of a beneficial interest in the Series 2002 A Bonds, and the Participants may seek reimbursement therefor from the Beneficial Owners.

Discontinuance of Book-Entry Only System

DTC may resign or may be discharged by the Issuer as a securities depository for the Series 2002 A Bonds and, in such event, the Issuer may discontinue the maintenance of the

Series 2002 A Bonds under a book-entry system or replace DTC with another qualified securities depository. Unless the Issuer appoints a securities depository to replace DTC, the Series 2002 A Bonds held by DTC will be canceled, and the Issuer will execute and the Registrar will authenticate and deliver Series 2002 A Bonds in fully certificated form to the Participants shown on the records of DTC provided to the Registrar or, to the extent requested by any Participant, to the Beneficial Owners of the Series 2002 A Bonds shown on the records of such Participant provided to the Registrar.

SECURITY FOR THE SERIES 2002 A BONDS

The Series 2002 A Bonds are special obligations of the Issuer and are payable as to principal, premium, if any, and interest solely from the sources described below. The Issuer is under no obligation to pay the Series 2002 A Bonds except from said sources.

Outstanding Prior Bonds

The Issuer has outstanding the following bonds payable from the Net Revenues of the System: (i) Waterworks and Sewerage System Revenue Bonds, Series 1986, dated March 6, 1986, originally issued in the aggregate principal amount of $1,584,000, of which $1,054,947.07 is currently outstanding (the "Series 1986 Bonds"); (ii) Waterworks and Sewerage System Revenue Bonds, Series 1991, dated February 25, 1991, originally issued in the aggregate principal amount of $412,500, of which $273,765.45 is currently outstanding (the "Series 1991 Bonds"); and (iii) Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 20, 1999, originally issued in the aggregate principal amount of $1,490,000, of which $1,341,000 was outstanding as of October 31, 2002 (the "Series 1999 Bonds"). It is the Issuer's intent to prepay in full the entire outstanding principal of the Series 1986 Bonds and the Series 1991 Bonds and all interest accrued thereon from the proceeds of the Series 2002 A Bonds, simultaneously with the issuance thereof.

Sources of Payment

The payment of the debt service on the Series 2002 A Bonds and the Series 1999 Bonds shall be secured forthwith equally and ratably by a first lien on and pledge of the Net Revenues derived from the System and the funds on deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 A Bonds Reserve Account and on parity with the Series 1999 Bonds as more fully described below under "ANNUAL DEBT SERVICE REQUIREMENTS." Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2002 A Bonds and the Series 1999 Bonds and to make the payments into the Sinking Funds, the Reserve Accounts and all other payments provided for in the Ordinance, and the funds in the Sinking Funds and the Reserve Accounts are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Series 2002 A Bonds and the Series 1999 Bonds as the same become due and for the other purposes provided in the Ordinance.

Rate Covenant

The Issuer has covenanted and agreed in the Ordinance to establish and collect just and equitable rates and charges for the use of the System and the services rendered thereby as will produce for each fiscal year Net Revenues, as defined in the Ordinance and hereinafter, equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from Net Revenues prior to or on parity with the Series 2002 A Bonds; provided that, in the event that an amount equal to or in excess of the Series 2002 A Bonds Reserve Requirement is on deposit in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds.

The Issuer further covenants that it will commence enactment of any rate increases as shall be required to comply with the aforementioned rate covenant within sixty (60) days following a determination by the Issuer or upon an annual audit of the Issuer that the Issuer is not in compliance with such rate covenant.

Series 2002 A Bond Reserve Account

$1,040.00 of proceeds of the Series 2002 A Bonds will be deposited in the Series 2002 A Bonds Reserve Account in an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement. The Series 2002 A Bonds Reserve Requirement is the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in any year. The Issuer will make monthly deposits of 1/120th of the Series 2002 A Bonds Reserve Requirement into the Series 2002 A Bonds Reserve Account until the Series 2002 A Bonds Reserve Requirement is met. In the event funds in the Series 2002 A Bonds Sinking Fund are insufficient to pay the principal of and/or interest on the Series 2002 A Bonds, the Bond Commission shall transfer to the Series 2002 A Bonds Sinking Fund sufficient amounts to make payments of principal of and/or interest on the Series 2002 A Bonds as the same becomes due from cash on deposit in the Series 2002 A Bonds Reserve Account.

In the event of a transfer from the Series 2002 A Bonds Reserve Account to the Series 2002 A Bonds Sinking Fund as aforesaid, the Issuer shall restore the balance to the Series 2002 A Bonds Reserve Account in an amount up to the Series 2002 A Bonds Reserve Requirement as provided in the Ordinance.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with the Bank of Mount Hope, Mount Hope, West Virginia, as the depository bank (the "Depository Bank"), for disposition in the following order of priority each month: (i) all current Operating Expenses of the System; (ii) commencing 6 months prior to the first interest payment date of the Series 2002

A Bonds, remit to the Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, a sum equal to 1/6 of the amount of interest which will become due on the Series 2002 A Bonds, on parity with the Series 1999 Bonds, on the next ensuing semiannual interest payment date (beginning March 1, 2003, with appropriate modification in the fraction of the amount of interest to be deposited monthly prior to the first interest payment date), (iii) remit to the Bond Commission (a) for deposit in the Series 1999 Bonds Sinking Fund the amount required to pay principal of the Series 1999 Bonds; and (b) commencing 13 months prior to the first principal payment date or mandatory redemption date, for deposit in the Series 2002 A Bonds Sinking Fund, a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2002 A Bonds, on parity with the Series 1999 Bonds, on the next ensuing principal payment date or mandatory redemption date, (iv) remit to the Bond Commission (a) for deposit in the Series 1999 Bonds Reserve Account the amount required to be deposited therein; and (b) commencing 12 months prior to the first principal payment date of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; and (v) for deposit in the Renewal and Replacement Fund, beginning with the first month following delivery of the Series 2002 A Bonds, of a sum equal to two and one-half percent (2 1/2%) of monthly Revenues (excluding payments to the Reserve Accounts). Excess moneys on deposit in the Revenue Fund in any given month may be used solely for lawful purposes of the System.

Enforcement of Collections

The Issuer covenants in the Ordinance to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that shall become delinquent to the full extent permitted or authorized by the Act, or otherwise by the laws of the State. The Issuer further covenants and agrees in the Ordinance that it will, subject to applicable State law and regulations, and under such reasonable rules and regulations as may be prescribed by the Issuer, discontinue water and sewer services to all delinquent users, until such delinquent amounts, plus reasonable interest and penalty charges thereon, have been fully paid. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Ordinance provides for the issuance of additional bonds on parity with the Series 2002 A Bonds with respect to the lien on, source of and security for payment from the Net Revenues (the "additional parity bonds") for the following purposes and under the following conditions:

So long as the Series 1999 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Ordinance authorizing the issuance of the Series 1999 Bonds 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 2002 A Bonds pursuant to the Ordinance, without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Ordinance authorizing the issuance of the Series 1999 Bonds).

All Parity Bonds shall be issued on parity in all respects with the Series 2002 A Bonds.

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

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in the 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder 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, as stated in a certificate filed with the Recorder, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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 Net Revenues of the System on parity with the Series 2002 A Bonds, and all covenants and other provisions of the Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2002 A Bonds and the Registered Owners of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the

Ordinance authorizing the issuance of the Series 1999 Bonds. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any such bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Parity Bonds, in addition to the payments required for bonds theretofore issued pursuant to the Ordinance.

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 Series 2002 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 equally, as to lien on 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 shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance and the Ordinance authorizing the issuance of the Series 1999 Bonds with respect to the Bonds then Outstanding, and any other payments provided for in the Ordinance and the Ordinance authorizing the issuance of the Series 1999 Bonds, shall have been made in full as required to the date of issuance of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of the Ordinance and the Ordinance authorizing the issuance of the Series 1999 Bonds and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

THE SYSTEM

The System is composed of a water system and a sewer system, which are combined for legal purposes.

Water System

The water system was created in 1948 by the Issuer to serve the residents of Mount Hope and Mill Creek. The West Virginia Office of Environmental Health Service issued Permit Number 9275 to the water system on December 3, 1984. The system currently serves a population of 1,817 in the Mount Hope, Kilsyth, MacDonald, Price Hill, Oswald and Park Heights communities. The system's water supply comes from the Ferral Mines, one half (½) mile below the Kilsyth Water Plant, and pumps approximately 350,000 gallons per day.

The water system consists of two (2) centrifugal, raw water pumps, one centrifugal plant feed pump, two (2) turbine, hi-service pumps, and two (2) turbine, backwash pumps. In addition, the system utilizes a three (3) inch gas powered diaphragm pump and one dual unit Quincy air compressor. The system also has one (1) 300,000 gallon steel storage tank and one (1) 200,000 gallon steel storage tank. Its water mains consist of 12,650 feet of four (4) inch C.I. pipe, 6,450 feet of six (6) inch C.I. pipe, 20,100 feet of two (2) inch C.I. pipe, 1,000 feet of eight (8) inch

C.I. pipe, 10,560 feet of two (2) inch PVC pipe, 20,120 feet of four (4) inch PVC pipe, 3,150 feet of six (6) inch PVC pipe, 1,000 feet of eight (8) inch PVC pipe, and 4,200 feet of ten (10) inch PVC pipe.

Water Usage

Metered Usage History by Source

Year Ended June 30	Residential Gallons	Commercial Gallons	Industrial Gallons	Public Gallons	Total
2002	30,507,000	1,378,000	33,448,000	9,881,000	75,214,000
2001*					
2000	35,642,000	32,535,000	0	7,099,000	75,276,000
1999	37,945,000	32,049,000	0	5,381,000	75,375,000
1998	38,307,000	30,253,000	0	5,625,000	74,185,000

*2001 Volume Information not available as a result of a July 2001 flood that destroyed records

Customer Background

Customer Count by Type

Year Ended June 30	Residential	Commercial	Industrial	Public	Total
2002	798	32	2	10	842
2001	793	31	2	11	837
2000	810	31	0	7	848
1999	805	29	0	6	840
1998	817	29	0	6	852

Metered Sales

	2001		2000		1999		1998	
Residential	$211,112	56%	$212,348	58%	$235,940	62%	$238,326	64%
Commercial	$ 9,575	3%	$ 11,198	3%	$116,753	31%	$116,601	31%
Industrial	$116,838	31%	$109,899	30%	$ 0	0%	$ 0	0%
Public Authorities	$ 36,798	10%	$ 32,973	9%	$ 26,244	7%	$ 20,098	5%
Total	$374,323	100%	$366,918	100%	$378,987	100%	$375,025	100%

Major Users

Customer	Consumption (gallons)
Georgia Pacific	2,734,000/ month
Mount Hope Housing- Midtown	429,100/ month
Mount Hope Housing- Stadium	205,000/ month
Mount Hope High School	33,500/ month
Mount Hope Elementary	45,000/ month

Wastewater System

The Issuer's wastewater system serves approximately 3,080 people in the City of Mount Hope and its immediate environs, and discharges treated wastewater into Dunlop Creek, approximately 9.5 miles from its mouth, at the New River. The West Virginia Office of Environmental Health Services issued Permit Number WV0021776 to the system on June 30, 1999.

The wastewater collection system is comprised of approximately 37,500 linear feet of four (4) inch diameter gravity sewer line, six (6) inch diameter gravity sewer line, and 15 inch diameter sewer line, 5,300 linear feet of eight (8) inch diameter gravity sewer line, 5,200 linear feet of 12 inch diameter gravity sewer line, 107 manholes, necessary cleanouts, three (3) lift stations, 2,000 linear feet of six (6) inch diameter force main, and all requisite appurtenances.

The wastewater treatment plant is comprised of a grit chamber, a mechanical bar screen, and a manual bar screen located before the main lift station, a dual channel oxidation ditch with an inner channel having a volume of 155,700 gallons and both having a total volume of 312,800 gallons, two (2) clarifiers having a volume of 33,600 gallons each and a surface area of 452 square feet each, ultraviolet disinfection facilities, a post aeration chamber having a volume of 4,500 gallons, an aerobic digester having a volume of 69,100 gallons, two (2) wedgewater sludge dewatering beds with a surface area of 400 square feet each, and all requisite appurtenances.

Sewer Usage

Annual Flow History

Year Ended June 30	Total Gallons
2002	66,464,000
2001	N/A
2000	62,776,000
1999	61,093,000
1998	60,764,000

Customer Background

Customer Count by Type

Year Ended June 30	Residential	Commercial	Industrial	Public	Total
2002	494	30	2	0	526
2001	489	32	2	0	523
2000	502	28	0	0	530
1999	494	27	0	0	521
1998	503	27	0	0	530

System Personnel

The City of Mount Hope's combined water and wastewater systems employs seven (7) full-time employees. David Whitt is the Chief Operator of the Wastewater treatment facility, and Teddy Mills is the Chief Operator of the Water Plant. Virgil Kincaid is the Field Supervisor for the combined systems.

Sewer Rates

The Public Service Commission of West Virginia (the "PSC") approved the current schedule of sewer rates and charges on September 26, 1990, in Case No. 90-361-S-CN. The provisions of the tariff on file with the PSC are as follows:

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service.

FIRST	2,000 gallons used per month	$6.00 per 1,000 gallons
NEXT	8,000 gallons used per month	$5.44 per 1,000 gallons
ALL OVER	10,000 gallons used per month	$4.71 per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum charge of $12.00 per month.

Sewer use and sewer billing is based upon unmetered water consumption. Bills will be rendered monthly and mailed promptly to the consumer, and are payable on or before twenty (20) days after date at the Mount Hope Municipal Water and Sewerage Works Office. Failure to receive bill will not entitle consumer to any remission of delayed payment penalty. The word "month" as used in the tariff is understood to mean the elapsed time between the two successive meter readings approximately thirty (30) days apart. In the event of a failure of a meter to register the full amount of water used, the consumer will be billed for a period on an estimated consumption based on his use of water on a similar period under like conditions.

SEWER TAPPING FEE

The above schedule is subject to a sewer tapping fee charge of $150.00 for each new connection to the municipal sewage facilities.

RECONNECTION CHARGE – WATER

The above schedule is subject to a reconnection charge of $15.00 for all general, domestic, commercial and industrial service.

DELAYED PAYMENT PENALTY

The above tariffs are net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown.

If any water and sewer bill is not paid within thirty (30) days after due date, water service to the customer will be disconnected. Water service will not be restored until all past due water and sewer bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

There will be a letter issued on the 25th of each month giving the customer 24 hours notice of discontinued service if bill is not paid in full.

Water Rates

The current water rate ordinance was enacted by the Issuer on July 29, 2002. The provisions of the tariff showing the current schedule of water rates and charges on file with the PSC are as follows:

AVAILABILITY OF SERVICE

Available for general, domestic and industrial service.

RATE

First	2,000 gallons used per month	$9.00 per thousand gallons
Next	8,000 gallons used per month	$7.33 per thousand gallons
All over	10,000 gallons used per month	$5.22 per thousand gallons

MINIMUM CHARGE

The above schedule is subject to a minimum charge of $18.00 per month.

DELAYED PAYMENT PENALTY

The above tariffs are net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown.

If any water bill is not paid within thirty (30) days after due date, water service to the customer will be disconnected. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

There will be a letter issued on the 25th of each month giving the customer 24 hours notice of discontinued service if bill is not paid in full.

CONNECTION CHARGE – WATER

The above schedule is subject to a connection charge of $12.50 for houses and $17.50 for mobile homes.

RECONNECT CHARGE – WATER

The above schedule is subject to a reconnection charge of $15.00 for all general, domestic, commercial and industrial service.

TAP FEE

$150.00

Billing and Collections

The Issuer renders a monthly bill to all customers of the System. Payments are due 20 days after the billing date. If a bill remains unpaid beyond the due date, a 10% penalty is added to the delinquent account and delinquency procedures are initiated, including the mailing of termination notices and termination of service 30 days after the initial due date. Service on a delinquent account remains terminated until payment of the account is made. A reconnection charge of $15.00 is required to reinstate a previously delinquent account.

System Budget

The Issuer's Director of Finance, with the assistance of its accountant, prepares a draft budget for the System's operations. The Issuer's budget is compiled from the draft budget and submitted to the Issuer on or before June 30 of each year. The budget is required by statute to indicate operating expenditures and capital expenditures proposed for the ensuing fiscal year and the method of financing such expenditures. The total of proposed expenditures may not exceed the total of estimated income. No payments may be made in excess of the budget unless unanimously authorized and directed by the Issuer. Separate accounting records are kept by the Issuer and reviewed by the Issuer's accountant each year.

Method of Accounting

The Issuer maintains its accounts pertaining to the system on an accrual basis and in accordance with the guidelines of the West Virginia Public Service Commission. The records of the Issuer for the fiscal years ended June 30 of each of the past three years have been audited and are available for public inspection at the Issuer office.

Historical and Proforma Revenues, Expenses and Coverage

Summary Statement of Income and Expense
(Fiscal Year Ended June 30)

	Projected 2003	Unaudited 2002	Audited 2001	Audited 2000	Audited 1999
Total Revenues	$827,022	$724,690	$717,712	$738,140	$723,941
Total Expenses*	$516,292	$489,376	$454,588	$446,077	$428,644
Net Income	$310,730	$235,314	$263,124	$292,063	$295,297
Debt Service	$197,583	$230,304	$212,186	$155,708	$138,552
Coverage	1.57x	1.02x	1.24x	1.88x	2.13x
Depreciation Expense	$259,000	$257,546	$255,177	$256,653	$201,253
Interest Expense	$ 75,806	$ 87,822	$ 91,968	$ 95,460	$ 95,499

*Total expenses excludes depreciation and interest

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each year the amounts payable from Net Revenues as principal of and interest on the Series 2002 A Bonds and the Series 1999 Bonds.

Year	Series 1999	Series 2002 A*	Total Debt Service
2002	$74,500		$74,500
2003	74,500	$25,209	99,709
2004	74,500	120,435	194,935
2005	74,500	118,035	192,535
2006	74,500	120,635	195,135
2007	74,500	118,035	192,535
2008	74,500	120,435	194,935
2009	74,500	117,635	192,135
2010	74,500	119,345	193,845
2011	74,500	115,820	190,320
2012	74,500	117,295	191,795
2013	74,500	118,535	193,035
2014	74,500	119,540	194,040
2015	74,500	120,040	194,540
2016	74,500	120,290	194,790
2017	74,500	120,290	194,790
2018	74,500	20,040	94,540
2019	74,500	19,500	94,000
2020	74,500	18,960	93,460
2021		18,420	18,420
2022		17,880	17,880
2023		17,340	17,340
2024		16,790	16,790
2025		21,240	21,240
2026		20,415	20,415
2027		19,560	19,560
2028		18,705	18,705
2029		17,850	17,850
2030	-	16,995	16,995
2031	-	21,140	21,140
2032	-	-	-
Totals	$1,415,500	$1,956,409	$3,371,909

*Does not consider annual earnings on the DSR fund

TAX MATTERS

In the opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, interest on the Series 2002 A 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 on individuals and corporations. It should be noted, however, that for purposes of computing the alternative minimum tax on corporations, such interest is taken into account in determining adjusted current earnings.

The Code imposes certain requirements as a condition to exclusion from gross income of the interest on the Series 2002 A Bonds for federal income tax purposes, including a requirement that the Issuer rebate to the United States Treasury certain arbitrage earnings. The Issuer will covenant or certify that it will comply with all applicable requirements of the Code. Failure of the Issuer to comply with such requirements could result in interest on the Series 2002 A Bonds being included in gross income for federal income tax purposes from the date of issue.

The Issuer has designated the Series 2002 A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In the opinion of Bond Counsel, the Series 2002 A Bonds are "qualified tax-exempt obligations" and the provisions of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or continued to carry most tax-exempt obligations does not apply to the Series 2002 A Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2002 A Bonds is deductible for federal income tax purposes.

Ownership of the Series 2002 A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, S corporations with "excess net passive income," individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2002 A Bonds.

The initial public offering price of the Series 2002 A Bonds maturing on March 1, 2017, 2022, 2025 and 2031 (the "Discount Bonds") is less than that amount payable on such Discount Bonds at maturity. The difference between the initial public offering price at which such Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity).

Bond Counsel is of the opinion that amounts received upon such disposition, which are attributable to accrued OID, will be treated as tax-exempt interest, rather than as taxable gain for Federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID that would have accrued for that semiannual compounding period for Federal income tax purposes is to be apportioned in equal amount among the days in such compounding period.

Holders of Discount Bonds should consult their own tax advisors with respect to the determination for Federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

Bond Counsel is further of the opinion that under the laws of the State of West Virginia, as presently written and applied, the Series 2002 A 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, except inheritance, estate and transfer taxes.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, sale and issuance of the Series 2002 A Bonds are subject to the unqualified approving opinion of Jackson Kelly PLLC, Charleston, West Virginia, Bond Counsel. John H. Shumate, Jr., Mount Hope, West Virginia, Counsel for the Issuer will pass upon certain legal matters for the Issuer. Goodwin & Goodwin, LLP, Charleston, West Virginia, as Counsel to the Underwriter, will pass upon certain legal matters for the Underwriter.

ABSENCE OF MATERIAL 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 Issuer, threatened or affecting the Issuer (or, to the Issuer's knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse affect on the Issuer's financial position or on the validity of the Series 2002 A Bonds, the Ordinance or any agreement to which the Issuer is a party and which is a part of the issuance of the Series 2002 A Bonds.

NEGOTIABLE INSTRUMENTS

Pursuant to State law, the Series 2002 A Bonds are and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia. See "THE SERIES 2002 A BONDS - General."

UNDERWRITING

The Underwriter named on the cover of this Official Statement is purchasing the Series 2002 A Bonds. The Purchase Contract provides that the Underwriter will purchase all the Series 2002 A Bonds, if any are purchased, at a purchase price equal to the initial public offering prices set forth on the cover page hereof less an Underwriter's discount of $40,000.00 plus accrued interest. The obligation to make such purchase is subject to the terms and conditions set forth in the Purchase Contract, including the approval of certain legal matters by counsel. The Underwriter may change the initial public offering prices from time to time. The Underwriter may offer and sell Series 2002 A Bonds to certain dealers (including dealers depositing Series 2002 A Bonds into investment trusts) and certain dealer banks acting as agents at prices lower than the public offering prices stated on the cover page hereof.

FINANCIAL STATEMENTS

Included herein as Appendix B are the audited financial statements of the System as of and for the fiscal year ended June 30, 2001, and the report with respect to the audited financial statements as of and for the fiscal year ended June 30, 2001, of the West Virginia State Auditor. The general purpose financial statements and the combined and individual fund and account group financial statements of the Issuer (which include the System) have been audited by the West Virginia State Auditor to the extent and for the period indicated in his report.

CONTINUING DISCLOSURE

The Issuer has agreed in the Ordinance to execute and deliver contemporaneously with the issuance of the Series 2002 A Bonds a certificate or agreement to undertake for the benefit of the Registered Owners of the Series 2002 A Bonds to provide certain financial and operating information of the System (the "Annual Information") not later than nine (9) months following the end of the fiscal year of the Authority, commencing in fiscal year 2003, and to provide the Annual Information to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository") and to provide notice of the occurrence of the enumerated events to each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the Issuer to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The Issuer has agreed to give notice in a timely manner to each National Repository, or the MSRB, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2002 A Bonds. Registered Owners may contact the Issuer's Mayor at P. O. Box 151, Mount Hope, West Virginia 25880, for more information.

MISCELLANEOUS

The foregoing summaries, explanations and quotations do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. Purchasers are referred to the Act and the Ordinance for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Series 2002 A Bonds. The Issuer has authorized the execution and distribution of this Official Statement.

CITY OF MOUNT HOPE

By: /s/ Michael Martin
Mayor

GENERAL INFORMATION REGARDING FAYETTE COUNTY, WEST VIRGINIA

Fayette County, located in the south central part of the State of West Virginia, was founded in 1831. The county contains 665 square miles of land. Situated on the Allegheny Plateau, Fayette County is known for its coal, livestock, dairy products, fruit, tobacco and timber. Fayette County contains some of the State's major tourist attractions, including whitewater rafting. More than a quarter million people have visited the New and Gauley Rivers in West Virginia since 1972. The New River Gorge has become prominent destination for thrill seekers from all over the world. The main events are the whitewater rafting season and Bridge Day.

The City of Mount Hope is located 54 miles from Charleston, the State's capital, 8 miles from Beckley, 25 miles from Winterplace, a ski area, and 20 miles from Fayetteville, the hub for whitewater rafting. Mount Hope was once a booming coal-mining town in the early 1900's. Over the years, most of the coal mines, coal camps and other physical evidence of the King Coal era have disappeared from the region. Fortunately, much of the past still exists in Mount Hope, which offers an opportunity for tourists to view many sites that were once commonplace throughout the coal fields of West Virginia. Old structures that once represented the coal industry remain standing.

FAYETTE COUNTY
POPULATION AND AGE

Total population	47,952
Male	22,990
Female	34,962
White	44,697
African American	3,017
Hispanic	252
Asian	252
Native	62
Median Age	36.2
0-5	2,491
6 to 17	9,595
18 to 20	2,358
21 to 24	2,288
25 to 44	13,445
45 to 54	4,647
55 to 59	2,274
60 to 64	2,665
65 to 74	4,690
75 to 84	2,739
85 and up	760

Source: US Census, 2000

Population By Decade

DATE	POPULATION	POPULATION CHANGE	ANNUAL % CHANGE
1960	61,731	-20,712	-2.9
1970	49,332	-12,399	-2.2
1980	57,863	8,531	1.6
1990	47,952	-9,911	-1.9
2000	47,579	-373	-0.1

Households

Total Households	18,945
Family Households	13,121
Non-Family Households	5,824
Persons 65 and Over, Living Alone	5,722
Average Household Size	2.41

Housing

Total Housing Units	21,616
Occupied Housing Units	18,945
Owner Occupied Units	14,625
Renter Occupied Units	4,320

Cost of Living Index

Mount Hope's cost of living compares favorably with any American market. In addition, the services indexed are widely available.

Composite	69.9
Groceries	97.2
Housing	94.2
Utilities	100.2
Transportation	108.3
Miscellaneous	94.8

Economic Climate

A major highway, historic buildings and national parklands make Mount Hope's economic outlook promising. Economic opportunity, particularly among tourism-oriented investments, is at an all-time high, thanks to the presence of state and national parklands such as Gauley River National Recreation Area, New River Gorge, Sandstone Falls and Hawks Nest State Park. Several local colleges and a branch of West Virginia University support the economic transition. Business locations are plentiful and affordable.

Surplus Workforce

Workers living in Fayette County	17,410
Workers working in Fayette County	13,390
Workers working in other counties	4,396

Economic Indicators

Per Capita Income (2000)	$18,027
Total Personal Income (1999)	$856,563,000

Employment and Wages Covered by Unemployment Compensation Programs

Employment, Annual Average (2000)	12,059
Total Wage, Annual (2000)	$278,287,953
Annual Wage, Annual Average (2000)	23,0377
Weekly Wage, Annual Average (2000)	$443.79

Source: Bureau of Employment Programs

Employment and Unemployment Statistics

Labor Force Statistics

	1997	1998	1999	2000	2001
Civilian Labor Force	18,190	17,810	17,690	17,450	17,290
Total Employment	16,500	16,160	15,880	15,980	16,130
Total Unemployment	1,680	1,650	1,820	1,470	1,160
Unemployment Rate	9.3	9.3	10.3	8.4	6.7

Nonfarm Payroll Employment Industry

	1997	1998	1999	2000	2001
Goods Producing	2,070	2,050	1,930	1,800	1,720
Mining	600	500	310	220	250
Coal Mining	590	490	310	210	240
Construction	490	560	620	570	520
Manufacturing	970	1,000	1,010	1,010	960
Durable Goods	920	920	920	930	880
Nondurable Goods	60	80	90	80	80
Service Producing	11,690	11,690	11,340	11,430	11,450
Transportation & Public Utilities	680	650	610	590	580
Trade, Wholesale & Retail	2,770	2,770	2,900	2,940	2,930
Finance, Insurance & Real Estate	410	390	370	360	340
Services	4,130	4,100	4,050	4,350	4,350
Government	3,710	3,780	3,420	3,250	3,250
Federal	310	290	290	290	290
State and Local	3,00	3,500	3,130	2,960	2,960

Source: Bureau of Employment Programs

TOP TEN EMPLOYERS – FAYETTE COUNTY 2002

1. Fayette County Board of Education
2. West Virginia University Institute of Technology
3. Mount Olive Correctional Complex
4. Elkem Metals, Inc.
5. Plateau Medical Center, Inc.
6. Global Contact Services, LLC
7. Montgomery General Hospital
8. Wal-Mart Stores, Inc.
9. Cannelton Industry, Inc.
10. Georgia Pacific Corporation

Source: Bureau of Employment Programs

RECREATION

The region surrounding Mount Hope is rich with forests and national parklands. This area is quickly becoming part of one of the largest outdoor-recreation areas in the East. There are plenty of activities to take advantage of including whitewater rafting, kayaking, hiking, biking, fishing, hunting, climbing, skiing and golfing

FACILITIES

Auditoriums	15	Stadiums	6
Baseball-Softball Fields	23	Tennis Courts – Indoor	0
Basketball Courts – Indoor	11	Tennis Courts – Outdoor	13
Basketball Courts – Outdoor	9	Theaters – Indoor	1
Swimming Pools	5	Theaters – Outdoor	0
Golf Courses	3	Playgrounds	15
Parks	8		

Climate

Temperature (Degrees F) Mean Annual Average – 52

January Averages	High	40	Low	19
July Averages	High	82	Low	59

Long Term Precipitation (inches):

January 3.25 July 5.31 Annual 45.3

Mean Annual Snowfall Range (inches): 35-55

NEARBY METROPOLITAN CITES

Charleston, WV	54 miles
Huntington, WV	102 miles
Roanoke, VA	159 miles

TRANSPORTATION

Highway Servicing Area: I – 77
US Routes: 60, 19 (Corridor L)
WV Routes: 612, 211, 82, 61, 41, 39, 20, 16 and 6
Available Industrial Parks: 1
Motor Freight Carriers Available: yes
Bus Service: Yes
Parcel Service: Yes
River, Nearest Navigable: Kanawha
Railroads: CSXT, Nicholas, Fayette & Greenbrier, AMTRAK, Norfolk & Southern

UTILITIES AND SEVICES

Electricity: American Electric Power
Natural Gas: WV Power Gas, Southern Public Service Gas
Telephone Service: Verizon, Citizens Telecom

APPENDIX B

FINANCIAL STATEMENTS

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AUDIT REPORT OF

MOUNT HOPE, WEST VIRGINIA

A CLASS IV MUNICIPALITY IN FAYETTE COUNTY

For the Fiscal Year Ended June 30, 2001

GLEN B. GAINER III
WEST VIRGINIA STATE AUDITOR
EX OFFICIO CHIEF INSPECTOR AND
SUPERVISOR OF PUBLIC OFFICES

AUDIT REPORT OF

THE MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA

For the Fiscal Year Ended June 30, 2001

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code 6–9–1 et seq.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
For the Fiscal Year Ended June 30, 2001

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Fund

Coal Severance Tax

Capital Project Fund

Capital Project

PROPRIETARY FUND TYPE

Enterprise Funds

Sewerage
Water

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
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MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2001

OFFICE	NAME	TERM
	Elective	
Mayor:	Michael Martin	06–01–00 / 05–31–04
Recorder:	Wendy Romage	06–01–00 / 05–31–04
Council Members:	Steve Brown	06–01–00 / 05–31–04
	Norville Ellison	06–01–00 / 05–31–04
	Betty Lilly	06–01–00 / 05–31–04
	Mal Parker	06–01–00 / 05–31–04
	Jack L. Sears	06–01–00 / 05–31–04
	Appointive	
Treasurer:	Barbara Price	
Municipal Attorney:	John H. Shumate, Jr.	

Glen B. Gainer III
State Auditor and
Chief Inspector

Lisa Thornburg, CPA
Deputy Chief Inspector

State of West Virginia

Office of the State Auditor
Chief Inspector Division
Building 1, Room W-420
Charleston, West Virginia 25305

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Internet: http://www.wvauditor.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Mount Hope
Mount Hope, West Virginia 25880

We have audited the accompanying general purpose financial statements of the Municipality of Mount Hope, West Virginia as of and for the year ended June 30, 2001, as listed in the table of contents. These general–purpose financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these general–purpose 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 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 opinion.

As described more fully in the notes, the general purpose financial statements referred to above do not include financial statements of the general fixed asset account group which should be included to conform with generally accepted accounting principles. The amounts that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects, if any, on the financial statements of the omission described in the preceding paragraph, the general–purpose financial statements referred to above present fairly, in all material respects, the financial position of the Municipality of Mount Hope, West Virginia, as of June 30, 2001, and the results of its operations and changes in cash flows of its proprietary funds for the year 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 January 22, 2002 on our consideration of the municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

January 22, 2002

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	June 30, 2001
Assets					
Current:					
Cash and cash equivalents	$ 38,186	$ 4,248	$ 1,845	$ 164,471	$ 208,750
Investments	53,399	--	--	106,798	160,197
Receivables – net					
Accounts	10,325	--	--	65,250	75,575
Due from:					
Other funds	389,616	--	--	387,694	777,310
Total current assets	491,526	4,248	1,845	724,213	1,221,832
Restricted:					
Regular account	--	--	--	14,185	14,185
Reserved account	--	--	--	196,056	196,056
Reserve for depreciation	--	--	--	152,466	152,466
Customer deposits	--	--	--	1,531	1,531
Total restricted assets	--	--	--	364,238	364,238
Fixed:					
System infrastructure	--	--	--	8,211,173	8,211,173
Less accumulated depreciation	--	--	--	(2,803,103)	(2,803,103)
Total fixed assets	--	--	--	5,408,070	5,408,070
Total assets	$ 491,526	$ 4,248	$ 1,845	$ 6,496,521	$ 6,994,140

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	June 30, 2001
Liabilities and Fund Equity					
Liabilities:					
Current liabilities payable from current assets:					
Accounts payable	$ 19,870	$ --	$ 800	$ 9,469	$ 30,139
Other accrued expenses	279	--	--	1,850	2,129
Due to:					
Other funds	387,694	--	--	389,616	777,310
Total current liabilities payable from current assets	407,843	--	800	400,935	809,578
Current liabilities payable from restricted assets:					
Revenue bonds payable	--	--	--	74,500	74,500
Accrued revenue bond/note interest payable	--	--	--	5,803	5,803
Customer deposits	--	--	--	7,213	7,213
Total current liabilities payable from restricted assets	--	--	--	87,516	87,516
Long–term liabilities (net of current portion):					
Leases payable	--	--	--	32,599	32,599
Revenue bonds payable	--	--	--	1,359,625	1,359,625
Notes payable	--	--	--	1,402,825	1,402,825
Total long term liabilities	--	--	--	2,795,049	2,795,049
Total liabilities	407,843	--	800	3,283,500	3,692,143

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED BALANCE SHEET – ALL FUND TYPES
June 30, 2001

	Governmental Fund Types			Proprietary Fund Type	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	June 30, 2001
Fund Equity:					
Contributed capital	$ --	$ --	$ --	$ 3,929,192	$ 3,929,192
Retained Earnings:					
Unreserved	--	--	--	(716,171)	(716,171)
Fund Balances:					
Unreserved	83,683	4,248	1,045	--	88,976
Total fund equity	83,683	4,248	1,045	3,213,021	3,301,997
Total liabilities and fund equity	$ 491,526	$ 4,248	$ 1,845	$ 6,496,521	$ 6,994,140

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	June 30, 2001
Revenues:				
Taxes (including interest and penalties)	$ 229,551	$ --	$ --	$ 229,551
Licenses and permits	14,643	--	--	14,643
Intergovernmental:				
Federal	3,891	--	--	3,891
State	32,743	3,088	--	35,831
Charges for services	17,453	--	--	17,453
Fines and forfeits	77,505	--	--	77,505
Interest	3,649	55	5	3,709
Reimbursements	5,833	--	--	5,833
Sale of fixed assets	3,000	--	--	3,000
Rents	16,800	--	--	16,800
Miscellaneous	6,140	--	4,385	10,525
Total revenues	411,208	3,143	4,390	418,741
Expenditures:				
General government	74,396	750	--	75,146
Public safety	304,944	--	--	304,944
Streets and transportation	55,716	--	--	55,716
Culture and recreation	4,573	--	--	4,573
Total expenditures	439,629	750	3,345	443,724
Excess (deficiency) of revenues over expenditures	(28,421)	2,393	1,045	(24,983)
Fund balances at beginning of year (restated Note III G)	112,104	1,855	--	113,959
Fund balances at end of year	$ 83,683	$ 4,248	$ 1,045	$ 88,976

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended June 30, 2001

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem property taxes	$ 88,543	$ 90,864	$ 2,321
Business & occupation tax	82,760	104,779	22,019
Alcoholic beverages tax	350	244	(106)
Utility services tax	35,642	33,244	(2,398)
Gas and oil severance tax	1,103	420	(683)
Total taxes	208,398	229,551	21,153
Licenses and permits	4,200	14,643	10,443
Intergovernmental:			
Federal	4,000	3,891	(109)
State	29,390	32,743	3,353
Charges for services	14,000	17,453	3,453
Rents and concessions	9,600	--	(9,600)
Fines and forfeits	55,000	77,505	22,505
Interest	4,000	3,649	(351)
Refunds	7,200	--	(7,200)
Reimbursements	5,000	5,833	833
Sale of fixed assets	--	3,000	3,000
Rents	5,700	16,800	11,100
Miscellaneous	10,800	6,140	(4,660)
Total revenues	357,288	411,208	53,920
Expenditures:			
General government	88,226	74,396	13,830
Public safety	305,400	304,944	456
Streets and transportation	59,612	55,716	3,896
Culture and recreation	5,850	4,573	1,277
Education	1,500	--	1,500
Total expenditures	$ 460,588	$ 439,629	$ 20,959

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
For the Fiscal Year Ended June 30, 2001

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Excess (deficiency) of revenues over expenditures	$ (103,300)	$ (28,421)	$ 74,879
Fund balance at beginning of year	103,300	112,104	8,804
Fund balance at end of year	$ --	$ 83,683	$ 83,683

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2001

	Budget	Actual GAAP Basis	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental:			
Coal severance tax	$ 3,000	$ 3,088	$ 88
Interest	300	55	(245)
Total revenues	3,300	3,143	(157)
Expenditures:			
General government	5,155	750	4,405
Total expenditures	5,155	750	4,405
Excess (deficiency) of revenues over (under) expenditures	(1,855)	2,393	4,248
Fund balance at beginning of year	1,855	1,855	--
Fund balance at end of year	$ --	$ 4,248	$ 4,248

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS – PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Operating revenues:		
Sales and services to customers	$ 684,772	$ 684,772
Discounts and penalties	9,541	9,541
Miscellaneous	3,888	3,888
Total operating revenues	698,201	698,201
Operating expenses:		
Personal services	248,928	248,928
Contractual services	40,459	40,459
Administrative and general	27,539	27,539
Insurance premiums	9,916	9,916
Bad debt expense	2,615	2,615
Miscellaneous	11	11
Materials and supplies	62,533	62,533
Utilities	43,885	43,885
Depreciation	255,177	255,177
Maintenance	18,702	18,702
Total operating expenses	709,765	709,765
Operating income (loss)	(11,564)	(11,564)
Nonoperating revenues (expenses):		
Interest revenue	19,511	19,511
Interest and fiscal charges	(91,968)	(91,968)
Total nonoperating revenues (expenses)	(72,457)	(72,457)

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS – PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Net income (loss)	$ (84,021)	$ (84,021)
Retained earnings at beginning of year	(632,150)	(632,150)
Retained earnings at end of year	$ (716,171)	$ (716,171)

The notes to the financial statements are an integral part of this statement.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Cash flows from operating activities:		
Cash received from customers	$ 699,408	$ 699,408
Cash paid for goods and services	(451,899)	(451,899)
Net cash provided (used) by operating activities	247,509	247,509
Cash flows from noncapital financing activities:		
Nonoperating miscellaneous (expense) revenues	3,113	3,113
Net cash provided (used) by noncapital financing activities	3,113	3,113
Cash flows from capital and related financing activities:		
Principal payments – bonds	(119,235)	(119,235)
Interest paid	(92,951)	(92,951)
Purchase of fixed assets	(4,741)	(4,741)
Construction (including capitalized interest costs)	(7,741)	(7,741)
Contributed capital	600	600
Net cash provided (used) by capital and related financing activities	$ (224,068)	$ (224,068)

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Totals (Memorandum Only)
	Enterprise	June 30, 2001
Cash flows from investing activities:		
Interest received	$ 19,331	$ 19,331
Net cash provided (used) by investing activities	19,331	19,331
Net increase (decrease) in cash and cash equivalents	45,885	45,885
Cash and cash equivalents, July 1 (including $321,193 in restricted accounts)	589,622	589,622
Cash and cash equivalents, June 30 (including $364,238 in restricted accounts)	$ 635,507	$ 635,507

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
For the Fiscal Year Ended June 30, 2001

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Proprietary Fund Type Enterprise	Totals (Memorandum Only) June 30, 2001
Operating income (loss)	$ (11,564)	$ (11,564)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	255,177	255,177
Decrease (increase) in accounts receivable	1,206	1,206
Increase (decrease) in customer deposits	168	168
Increase (decrease) in accounts payable	672	672
Increase (decrease) in other accrued expenses	1,850	1,850
Net cash provided by operating activities	$ 247,509	$ 247,509

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted, the accounting policies of the Municipality of Mount Hope, West Virginia conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The government is a municipal corporation governed by an elected mayor and five member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria for inclusion in or exclusion from the financial reporting entity is outlined in Governmental Accounting Standards Board Statement Number 14 and includes oversight responsibility over agencies, boards and commissions by the Municipality's Council. Oversight responsibilities include financial accountability (including selection of the governing authority), fiscal dependence and the ability for the council to impose its will on the potential component unit.

Blended Component Unit.
Although legally separate entities, these are, in substance, part of the primary governments operations and so data from these units should be combined with the primary government.

Based on criteria established above, the Municipality of Mount Hope, West Virginia has no blended component units.

Discretely Presented Component Unit
These are legally separate organizations for which elected officials of the primary government are financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

Based on criteria established above, the Municipality of Mount Hope, West Virginia has no discretely presented component units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self–balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Municipality of Mount Hope, West Virginia has the following fund types and account groups:

Governmental funds are used to account for the government's general governmental activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under modified accrual basis accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, in accordance with Governmental Accounting Standards Board Statement No. 22, certain taxpayer-assessed revenues such as business and occupation and utility excise taxes are also accrued as revenue at year end. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-derived grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue fund accounts for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The capital projects fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Municipality of Mount Hope, West Virginia applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary funds include the following fund types:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Municipality of Mount Hope, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of less than three months from the date of acquisition.

Investments are reported at fair value which is determined using selected bases.

Short–term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of investments and fair values are presented in Note III.A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy – five percent of the indebtedness of any private corporation nor can the portfolio have over twenty–five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

The following restrictions apply only to pension portfolios and are separate and distinct from the limitations mentioned above: (1)fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total assets of the total pension fund assets; and (2)at no time can the equity portion of the portfolio exceed fifty percent of the total portfolio.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non–current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable from available financial resources.

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one–half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per $100 of assessed valuation: On Class I property, twelve and five–tenths cents (12.5 cents); On Class II property, twenty–five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the municipality per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2001, were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense	Excess
Class I	$ 343,596	12.5 Cents	6.25 Cents
Class II	$ 4,146,882	25.0 Cents	12.50 Cents
Class IV	$ 8,878,982	50.0 Cents	25.00 Cents

The Municipality of Mount Hope, West Virginia held a special election on February 27, 1999. The municipality was authorized to lay an excess levy to provide approximately $26,000 annually during the next three fiscal years ended June 30, 2000 through June 30, 2002 , for the purposes of: (1) street repairs and maintenance; (2) street lights; and (3) recreational expenditures.

3. *Inventories and Prepaid Items*

There are no material inventories maintained; therefore they do not appear on the financial statements.

4. *Restricted Assets*

Certain proceeds of the Sewerage enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "reserve" account is used to report resources set aside to make up potential future deficiencies in the regular account.

The "reserve for construction account" is used to report those proceeds of revenue bond and grants that are restricted for use in construction.

The "customer deposit" account is used to report the segregation of returnable cash deposits from customers of the utility upon initial receipt of the service.

5. Fixed Assets

Fixed assets used in governmental fund type operations of the entity are recorded as expenditures in the various funds. The government does not maintain a general fixed assets account group as prescribed by generally accepted accounting principles.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the government) are not capitalized.

Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the proprietary funds.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Property, plant and equipment are depreciated in the proprietary funds of the entity using the straight line method over the following useful lives:

Assets	Years
Buildings	25–50
Improvements	10–20
Utility Plant	10–40
Equipment	3–10

6. Compensated Absences

It is the government's policy to require employees to use all earned vacation time by the end of the fiscal year. No liability is reported for unpaid accumulated sick leave.

7. Long–Term Obligations

The government should report long–term debt of the governmental funds at face value in the general long term debt account group. Certain other governmental fund obligations not expected to be financed with current available resources should also be reported in the general long–term debt account group. The municipality does not maintain a general long–term debt account group.

Long term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

8. Fund Equity

The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

9. Memorandum Only-- Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results in operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The governing body of the municipality is required to hold a meeting or meetings between the seventh and twenty–eighth days of March to ascertain the financial condition of the Municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts.

The governing body made the following material supplemental budgetary appropriations throughout the year.

	Amount	Description
$	59,380	Unencumbered Fund Balance
	6,000	Excise Tax on Utilities
	12,760	Business and Occupation Tax
	9,600	Rents & Concessions
	4,000	Federal Government Grants
	29,390	State Government Grants
	2,500	Reimbursements
	6,000	Miscellaneous Revenue
	3,884	Mayor's Office
	7,050	Treasurer's Office
	1,550	Police Judge's Office
	1,500	City Attorney
	(1,000)	Elections
	(8,947)	City Hall
	11,688	Contingencies
	99,700	Police Department
	21,900	Fire Department
	(8,800)	Streets & Highways
	1,950	Playgrounds
	(10,845)	Unencumbered Fund Balance (Coal Severance Tax)
	(10,845)	City Hall (Coal Severance Tax)

Encumbrance accounting is not employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) should be reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

The Water and Sewerage fund had a deficit retained earnings of $520,060 and $196,111 respectively, as of June 30, 2001. The fund has incurred losses in this and prior years that have caused the deficit to occur. The government is monitoring the situation but does not feel that a rate increase is necessary due to the fact that depreciation on assets acquired through external grants is not amortized through contributed capital but rather expensed in the operating statement.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year end, the government's bank balance of deposits was $557,089. Of the bank balance $100,000 was covered by federal depository insurance or by collateral held by the government's agent in the government's name. Of the remaining balance, $457,089 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

Investments are categorized into these three categories of credit risk:

(1) Insured or registered, or securities held by government or its agent in the government's name.

(2) Uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent in the government's name.

(3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

At year end, the government investment balances were as follows:

	Category	
	1	Carrying Amount
Commercial Paper	$ 160,197	$ 160,197
Total	$ 160,197	$ 160,197
Investments not subject to categorization:		
Municipal Bond Commission		15,899
Total investments		$ 176,096

A reconciliation of cash and investments as shown on the Combined Balance Sheet of the primary government is as follows:

Carrying amount of cash and deposits	$ 557,089
Carrying amount of investments	176,096
Total	$ 733,185
Cash and cash equivalents	$ 208,750
Cash and cash equivalents–restricted	153,997
Investments	160,197
Investments–restricted	210,241
Total	$ 733,185

B. Receivables

Receivables at year end, net of applicable allowances for uncollectible accounts of $1,758 for the Water fund, are as follows:

	General	Enterprise	Total
Receivables:			
Accounts	$ 10,325	$ 65,250	$ 75,575
Total receivables(net of allowances)	$ 10,325	$ 65,250	$ 75,575

C. Fixed Assets

The Municipality of Mount Hope does not maintain a general fixed assets account group.

The following is a summary of proprietary fund type fixed assets for the Municipality of Mount Hope, West Virginia at June 30, 2001:

	Enterprise Funds
System infrastructure	$ 8,211,173
Less: accumulated depreciation	(2,803,103)
Totals	$ 5,408,070

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2001, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 389,616
Sewer Fund	General Fund	387,694
Total		$ $777,310

E. Leases

Capital leases
The government has entered into a lease agreement as lessee for financing the acquisition of new power generators for its Water fund. This lease agreement qualifies as a capital lease for accounting purposes, and, therefore has been recorded at the present value of future minimum lease payments as of the inception date in the Water fund enterprise fund.

The assets acquired through capital leases are as follows:

Asset	Water Fund
Machinery and Equipment	$ 62,131
Less: Accumulated depreciation	(12,426)
Total	$ 49,705

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2001, were as follows:

Year Ending June 30	Water Fund
2002	$ 17,153
2003	17,153
Total minimum lease payments	34,306
Less: amounts representing interest	1,707
Present value of minimum lease payments	$ 32,599

F. Long–term Debt

Revenue Bonds.

The municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds outstanding, at year end are as follows:

Purpose	Interest Rates	Amount
Wastewater Treatment – Sewer Fund	0%	$ 1,434,125
Total		$ 1,434,125

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Amount
2002	$ 74,500
2003	74,500
2004	74,500
2005	74,500
2006	74,500
Thereafter	1,061,625
Total	$ 1,434,125

G. Restatement of Fund Balance

The fund balance at the beginning of the year of the governmental fund listed below required restatement as follows:

	Governmental Fund General
Fund balance at beginning of year, as previously stated	$ $104,386
Add: Accounts Receivable	$7,718
Fund balance at beginning of year, restated	$ $112,104

H. Contributed Capital

The changes in the Municipality's contributed capital account for the proprietary fund is as follows:

	Enterprise	
Sources	Water	Sewerage
Beginning Balance, contributed capital	$ 857,604	$ 3,070,988
Contributing sources:		
Connection fees:		
Customers	600	0
Ending balance, contributed capital	$ 858,204	$ 3,070,988

I. Reserved Retained Earnings and Restricted Asset Accounts

The balances of the Municipality's restricted asset accounts are as follows:

Customer deposits	$ 1,531
Regular account	14,185
Reserve account	196,056
Reserve for depreciation	152,466
Total restricted assets	$ 364,238

IV. OTHER INFORMATION

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with State Board of Risk for package/umbrella (general liability) insurance for these various risks.

The Municipality pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. The rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

B. Segment Information--Enterprise Funds

The government maintains two enterprise funds.

The Water and Sewerage Funds account for the provision of basic utility services to all citizens.

Selected segment information for the year ended June 30, 2001, is as follows:

	Water	Sewerage	Total
Operating revenues	$ 375,719	$ 322,482	$ 698,201
Depreciation	85,967	169,210	255,177
Operating expenses	261,218	193,370	454,588
Operating Income	28,534	(40,098)	(11,564)
Interest and fiscal charges	(66,003)	(25,965)	(91,968)
Net income (loss)	(26,381)	(57,640)	(84,021)
Current capital contribution	600	0	600
Fixed asset additions	(4,741)	(7,741)	(12,482)
Net working capital	(195,402)	518,680	323,278
Total assets	1,724,933	4,771,588	6,496,521
Bonds payable	0	1,434,125	1,434,125
Total equity	338,144	2,874,877	3,213,021

C. Subsequent Events

In July 2001, the Municipality of Mount Hope was severely damaged by flood waters. The flooding occurred on two separate occasions. City Hall has since been relocated and the City of Mount Hope has received assistance from the Federal Emergency Management Agency (FEMA). As of November 2001, the City of Mount Hope has received approximately $114,289 in FEMA funding.

D. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, mat constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grant or cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

E. Employee Retirement Systems and Plans

The Municipality of Mount Hope, West Virginia does not provide any retirement benefits for its employees.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
For the Fiscal Year Ended June 30, 2001

SINGLE AUDIT REPORTING PACKAGE

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 2001

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Glen B. Gainer III
State Auditor and
Chief Inspector

Lisa Thornburg, CPA
Deputy Chief Inspector

State of West Virginia

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Council
Municipality of Mount Hope
Mount Hope, West Virginia 25880

We have audited the general purpose financial statements of the Municipality of Mount Hope, West Virginia, as of and for the year ended June 30, 2001, and have issued our report thereon, dated January 22, 2002. In that report, our opinion was qualified due to the omission of a General Fixed Asset Account Group and the failure to record a liability for compensated absences. 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.

Compliance

As part of obtaining reasonable assurance about whether the Municipality of Mount Hope's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance which we have listed as item 2001–01 on the shCedule of findings and questioned cost.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Municipality of Mount Hope's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable

conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Municipality of Mount Hope's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2001 – 2 through 2001 – 3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal and state awarding agencies and pass – through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

January 22, 2002

Glen B. Gainer III
State Auditor and
Chief Inspector

Lisa Thornburg, CPA
Deputy Chief Inspector

State of West Virginia

Office of the State Auditor
Chief Inspector Division
Building 1, Room W-420
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable Mayor and Council
Municipality of Mount Hope
Mount Hope, West Virginia 25880

Compliance

We have audited the compliance of the Municipality of Mount Hope, West Virginia, 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 each of its major federal programs for the year ended June 30, 2001. The Municipality of Mount Hope's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Municipality of Mount Hope's management. Our responsibility is to express an opinion on the Municipality of Mount Hope'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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Municipality of Mount Hope's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Municipality of Mount Hope's compliance with those requirements.

In our opinion, the Municipality of Mount Hope, West Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the Municipality of Mount Hope is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Municipality of Mount Hope's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A–133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the Municipality of Mount Hope, West Virginia, as of and for the year ended June 30, 2001, and issued our report thereon dated January 22, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A–133 and is not a required part of the general purpose financial statements of the Municipality of Mount Hope, West Virginia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal and state awarding agencies and pass–through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

January 22, 2002

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2001

	Federal CFDA Number	Total Grantor Expenditures
Environmental Protection Agency		
Pass–through West Virginia Department of Environmental Protection:		
Capitalization Grants for State Revolving Funds	66.458	$ $349,142
Total Environmental Protection Agency		$ $349,142
Total federal expenditures		$ 349,142

The accompanying notes are an integral part of this schedule.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2001

Note 1.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Municipality of Mount Hope, West Virginia and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

MUNICIPALITY OF MOUNT HOPE, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal Control over Financial Reporting:

- Material weakness identified ? Yes
- Reportable condition identified that is not considered to be material weakness ? No

Non compliance material to the financial statements noted ? No

Federal Awards

Internal Control over Major Programs:

- Material weakness identified ? No
- Reportable condition identified that is not considered to be material weakness ? No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with § __.510(a) of Circular A–133? No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Program : $ 300,000

Auditee qualify as a low–risk auditee ? No

Section II – Financial Statement Findings

Failure to Submit Budget Revision to Appropriate the Unexpended Balance – General Fund
2001 – 1

CONDITION:

We determined during our audit that the municipal officials failed to submit a budget revision for the General Fund to appropriate $ 8,804 of the actual unexpended fund balance at June 30, 2000.

CRITERIA:

West Virginia Code 6–9–3 states in part:

"...all unexpended balances or appropriations shall be transferred to the credit of the fund from which originally appropriated or levied whenever the acccount with an appropriation is closed."

In addition, a State Supreme Court decision stated in part:

"...Any excesses or balances should be carried into the proper funds of the succeeding fiscal year and proper credit made therefor when levies are being laid for that year...." Ireland v board of Education, 115 WV 614, 177 S.E. 452.

CAUSE:

The Municipality failed to appropriate the remaining balance at June 30, 2000 into the next year's budget.

EFFECT:

The Municipality did not include all available funds in the budget.

RECOMMENDATION:

The Municipality is directed to implement effective budgetary controls and submit budget revisions when necessary to appropriate the actual unexpended balance at the year ended into the subsequent year's budget.

AUDITED AGENCY'S RESPONSE:

The municipal officials stated they will review this section of the state code and comply with same.

Section II – Financial Statement Findings

General Fixed Asset Account Group
2001 – 2

CONDITION:

It was noted during our examination the Municipality does not maintain a schedule of the fixed assets for the governmental type operations.

CRITERIA:

Generally accepted accounting principles prescribe that the purchase of fixed assets used in governmental type operations be accounted for in the general fixed asset account group of accounts.

CAUSE:

The Municipality does not have in place procedures to identify and compile schedules of fixed assets.

EFFECT:

The Municipality is substantially understating its assets. The amount would be material and necessitates a qualification of opinion on the financial statements. The Municipality also compromises its custodial responsibility over this important asset.

RECOMMENDATION:

The Municipality needs to establish procedures to identify its fixed assets and record same on schedules that can be continually updated with additions and disposals.

AUDITED AGENCY'S RESPONSE:

The municipal officials stated they will review this suggestion.

Section II – Financial Statement Findings

Segregation of Duties
No. 2001–3

CONDITION:

The examination revealed that inadequate segregation of duties exits with respect to cash transactions that results in inadequate control over cash collections, cash deposits and accounts receivable.

CRITERIA:

Adequate internal control dictates that the duties of authorizing, executing and recording transactions should be assigned to different individuals. No one employee should have custody and control over cash or accounting records.

CAUSE:

The size of the entity does not permit adequate segregation of duties.

EFFECT:

Deficiencies in the segregation of duties could lead to a greater risk that errors and irregularities could occur and not be detected within a timely period in the normal course of business.

RECOMMENDATION:

The Municipality of Mount Hope should segregate duties as much as possible utilizing the staff available.

AUDITED AGENCY'S RESPONSE:

The municipality stated that strict compliance with this regulation is very difficult due to budget of the entity and shortage of staff.

Section III – Federal Award Findings and Questioned Costs

There were no findings at the single audit level for this audit

There are no corrective action plan necessary.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Year Finding	Reference Number	Completion Date	Disposition
Failure to submit budget revisions (Unexpended balance – General Fund)	00–1	1–2–01	Corrected
Expenditures in excess of Levy Estimate – General Fund	00–2	1–2–01	Corrected
Expenditures in excess of Levy Estimate – Coal Severance	00–3	1–2–01	Corrected
Segregation of Duties	00–4	N/A	Repeated in Finding 2001–5
Omission of General Fixed Assets Account Group	00–5	N/A	Repeated in Finding 2001–4

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JACKSON KELLY PLLC]

December 18, 2002

City of Mount Hope
Mount Hope, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to the City of Mount Hope (the "Issuer"), a duly created and presently existing municipal corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to the issuance of the City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), dated December 1, 2002, issued in the original aggregate principal amount of $1,285,000. The Bonds are issued in fully registered form, mature on March 1 in the years and amounts and bear interest payable each March 1 and September 1, commencing March 1, 2003, all as set forth in the Official Statement relating to the Bonds.

The 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 Official Statement relating to the Bonds.

The Bonds are issued for the purposes, along with other funds available therefor, of (i) prepaying the Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds") and the Waterworks and Sewerage System Revenue Bonds, Series 1991(the "Series 1991 Bonds"), of the Issuer; (ii) funding a reserve account for the Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) paying certain issuance and other costs in connection therewith.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (collectively, the "Act"), an Ordinance duly passed by the Issuer on November 19, 2002, effective December 10, 2002, and a Supplemental Resolution adopted on December 10, 2002 (collectively, the "Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance.

The Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 10, 2002, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Issuer, contained in the Ordinance and the Certificate as to Arbitrage 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, representations and certifications of the Issuer pertaining to tax matters set forth in the Ordinance and the Certificate as to Arbitrage and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, to enter into the Bond Purchase Agreement and perform its obligations under the terms and provisions thereof, to refund the Series 1986 Bonds and the Series 1991 Bonds and to issue and sell the 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 the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and the Continuing Disclosure Certificate and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement and the Continuing Disclosure Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Bonds, subject to the terms thereof, constitute valid, legally enforceable and binding special obligations of the Issuer, payable from and secured by a first lien on and pledge of the Net Revenues of the System and are issued on a parity with respect to liens, pledge and source of and security for payment with the Series 1999 Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance 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 Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect of the Bonds.

5. Under the Act, the 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, except inheritance, estate and transfer taxes.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" in the Ordinance and covenanted therein that it did not reasonably expect to issue more than $10,000,000 in aggregate principal amount of obligations (other than private activity bonds) the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes during the calendar year 2002. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. The Series 1986 Bonds and the Series 1991 Bonds have been paid within the meaning and with the effect expressed in the 1986 Ordinance and the 1991 Ordinance, and the covenants, agreements and other obligations of the Issuer to the owners of the Series 1986 Bonds and the Series 1991 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the United States of America, United States Department of Agriculture, Rural Utilities Service, the owner of the Series 1986 Bonds and the Series 1991 Bonds, that it has received payment for the entire outstanding principal of the Series 1986 Bonds and the Series 1991 Bonds and all interest accrued thereon on the date hereof and that the Series 1986 Bonds and the Series 1991 Bonds have been paid in full.

It is to be understood that the rights of the owners of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance, the Continuing Disclosure Certificate and the Bond 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 No. AR-1 and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

CITY OF MOUNT HOPE
as Issuer,

Dated as of December 18, 2002

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THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is made and entered into as of the 18th day of December, 2002, by CITY OF MOUNT HOPE (the "Issuer).

RECITALS:

WHEREAS, the Issuer has issued or will issue its $1,285,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), pursuant to a Bond Ordinance enacted on December 10, 2002, and a Supplemental Resolution adopted on December 10, 2002 (collectively, the "Ordinance"), to (i) prepay certain outstanding bonds of the Issuer; (ii) fund a reserve account for the Series 2002 A Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) pay costs relating to the issuance of the Bonds; and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement dated December 6, 2002, and an Official Statement dated December 10, 2002 (collectively, the "Offering Document"); and the Issuer has entered into a Bond Purchase Agreement, dated as of December 10, 2002 (the "Bond Purchase Agreement"), with respect to the sale of the Bonds, with the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Issuer wishes to provide for the disclosure of certain information concerning the Bonds and other matters on a continuing basis as set forth herein for the benefit of the Bondholders in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Ordinance, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Ordinance, as amended and supplemented from time to time. In addition, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean annual financial information and operating data customarily prepared by the Issuer and which is publicly available and which appears in the Offering Document. The Issuer customarily prepares audited annual financial information using generally accepted accounting procedures, provided however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. This Annual Financial Information is customarily available to the public.

"Disclosure Representative" shall mean the Mayor of the Issuer, and any successor thereto, or such other person as the Issuer may from time to time designate in writing.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean, as to the Issuer, any of the events listed in items (i) through. (xii) below, the occurrence of which the Issuer and/or the Disclosure Representative obtains knowledge, and which the Issuer or Disclosure Representative determines would constitute material information for Bondholders, provided, that the occurrence of an event described in clauses (iii), (v), (vi), (vii), (x), (xi) and (xii) shall always be deemed to be material. The following events, if material, shall constitute Material Events:

(i) any delinquency in the payment of principal of or interest on the Bonds;

(ii) any nonpayment related Event of Default under the Ordinance;

(iii) the occurrence of any unscheduled draws on any debt service reserve fund or account under the Ordinance reflecting financial difficulties;

(iv) the occurrence of any unscheduled draws on credit enhancements reflecting financial difficulties;

(v) any substitution of credit or liquidity providers or the failure of any such credit or liquidity providers to perform;

(vi) any adverse tax opinions or other events affecting the exclusion from gross income of the interest on the Bonds;

(vii) any modifications of the rights of any Bondholder;

(viii) the notice to the Bondholders of any optional or other unscheduled redemption;

(ix) the defeasance of any Bonds;

(x) the release, substitution or sale of property securing the repayment of the Bonds;

(xi) any change in any rating provided by a nationally recognized municipal securities rating agency on the Bonds; and

(xii) any other material event affecting the Bonds or the Issuer.

"NRMSIR" shall mean all of the Nationally Recognized Municipal Securities Information Repositories as of the date hereof, as set forth in EXHIBIT A hereto, and all future Nationally

Recognized Municipal Securities Information Repositories approved by the SEC from time to time.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository, as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the State of West Virginia.

"Turn Around Period" shall mean two (2) business days with respect to Material Event occurrences disclosed by the Issuer to the Disclosure Representative, or, which otherwise become known to the Disclosure Representative.

(B) This Certificate applies to the Bonds and any additional bonds or other obligations issued under the Ordinance or any supplement thereto.

(C) The Disclosure Representative shall have no obligation to make disclosure in connection with the Bonds or the Project except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Representative under any other agreement with the Issuer.

Section 2. Disclosure of Information.

(A) General Provisions. This Certificate governs the Issuer's direction to the Disclosure Representative, with respect to information to be made public and in its actions under this Certificate.

(B) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 3 hereof, the Issuer shall make or cause the Disclosure Representative to make public the information set forth in subsections (1) and (2) below:

(1) Annual Financial Information. Annual Financial Information of the Issuer at least annually not later than nine (9) months after the end of the fiscal year (the "Disclosure Date"), beginning with the fiscal year ending June 30, 2003, and continuing with each fiscal year thereafter, shall be subject to disclosure. The Disclosure Representative shall, on behalf of the Issuer, provide Annual Financial Information to the NRMSIR and SID not later than the Disclosure Date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted

separately from the balance of the Annual Financial Information.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(C) Information Provided by Disclosure Representative to Public.

(1) The Issuer directs the Disclosure Representative on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Representative agrees to act as the Issuer's agent in so making public, as regards the operations of the Issuer, the following:

(a) Annual Financial Information;

(b) Material Event occurrences; and

(c) such other information as the Issuer shall determine to make public through the Disclosure Representative.

The Issuer shall provide such information to the Disclosure Representative in the form required by subsection (C)(2) of this Section 2. If the Issuer chooses to include any information in any financial information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future financial information report or notice of occurrence of a Material Event.

(2) The information, which the Issuer has agreed to make public, shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Representative by the Issuer, in the form of notice required by the Ordinance, this Certificate or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Representative shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Representative shall make public the Annual Financial Information and Material Event occurrences within the applicable Turn Annual Period. Notwithstanding the foregoing, Material Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer to the Disclosure Representative has not been provided on a timely basis, the Disclosure Representative shall make such information public as soon thereafter as it is provided to the Disclosure Representative.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer or the Disclosure Representative under this Certificate if it is transmitted to one or more of the following as provided in subsection (D)(2) of this Section 2:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Ordinance;

(b) to each NRMSIR, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a NRMSIR by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the NRMSIR;

(c) to the SID (if a SID is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a SID by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SID;

(d) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the MSRB; and/or

(e) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Material Events shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(b) any notice of a failure by the Issuer to provide required Annual Financial Information, on or before the date required by this Certificate shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(c) any other information which the Issuer decides to make public shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State); and

(d) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

Nothing in this subsection shall be construed to relieve the Registrar and Paying Agent under the Ordinance, of its obligation to provide notices to the holders of all Bonds if such notice is required by the Ordinance, but nothing herein shall be construed to require them to take any actions other than those set forth in the Ordinance.

Nothing in this Certificate shall be construed to require the Disclosure Representative to interpret or provide an opinion concerning the information made public. If the Disclosure Representative receives a request for an interpretation or opinion, the Disclosure Representative may refer such request to the Issuer for response.

Section 3. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate (and the Disclosure Representative shall agree to any amendment so requested by the Issuer) and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 4. Miscellaneous.

(A) Compliance with Prior Continuing Disclosure Certificates. The Issuer certifies that, except as is set forth in the Preliminary Official Statement and the Official Statement, it is as of the date hereof in compliance with the provisions of all continuing disclosure certificates or similar agreements or certificates heretofore delivered in connection with the issuance of any prior bonds.

(B) Representations. The Issuer represents and warrants (i) that it has duly authorized the execution and delivery of this Certificate by its Mayor, (ii) that it has all requisite power and authority to execute and deliver, and perform this Certificate under its organizational documents and any ordinances or resolutions now in effect, (iii) that the execution and delivery of this Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, ordinance, resolution, decree, agreement or instrument by which it is bound, and (iv) that it is not aware of any litigation or proceeding pending, or, to the best of its knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Certificate, or its due authorization, execution and delivery of this Certificate, or otherwise contesting or questioning the issuance of the Bonds.

(C) Governing Law. This Certificate shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any

other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Certificate shall be interpreted and construed in a manner consistent therewith.

(D) Severability. If a court of competent jurisdiction hereof shall hold any provision invalid or unenforceable, the remaining provisions hereof shall survive and continue in full force and effect.

(E) Counterparts. This Certificate may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(F) Termination. This Certificate may be terminated by the Issuer upon thirty days' written notice of termination, provided that notice of the termination of this Certificate is provided to each NRMSIR, the appropriate SID, if any, and/or the MSRB and further provided that nationally recognized bond counsel provides an opinion that the new continuing disclosure certificate is in compliance with all State and Federal Securities laws; provided, however, the termination of this Certificate is not effective until the Issuer, or its successor, enters into a new continuing disclosure certificate and agrees to continue to provide, to each NRMSIR, SID and/or the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB.

This Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity, or if the Rule should be changed so as to no longer require this Certificate.

(G) Defaults: Remedies. The Issuer shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to the Issuer, the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds shall, or any Bondholder may, take such actions as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer to comply with its obligations under this Certificate. The Issuer acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder; and, therefore, agrees that the remedy of specific performance shall be the sole remedy available in any proceeding to enforce this Certificate. The occurrence of any event of default as provided in this Certificate shall not constitute an event of default under the Ordinance.

(H) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Representative, the Participating Underwriter and Bondholders and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Issuer has caused it duly authorized officer to execute this Certificate as of the day, month and year first have been written.

CITY OF MOUNT HOPE

By: _____
Mayor

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of December 1, 2002:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/muni_contactinfo.html
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
http://www.interactivedata.com
Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

The following are definitions of certain words and terms used in this Official Statement and summaries of the Ordinance. These definitions and summaries do not purport to be final, complete or definitive, and reference is made in each case to the entire text of the final Ordinance which reference is made for the complete and actual terms thereof. Words and terms used herein that are not defined herein shall have the same meanings as set forth in the Ordinance.

Definitions.

"Act" means, collectively, Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2002 A Bonds.

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

"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, and shall initially mean Jackson Kelly PLLC, Charleston, West Virginia.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Series 2002 A Bonds and which shall be designated as such in the Supplemental Resolution, and in the event no such entity is so designated, all references in the Ordinance to the Bond Insurer shall be null and void and have no force and effect.

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

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

"Bonds" means, collectively, the Series 2002 A Bonds, the Series 1999 Bonds and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in the Ordinance.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2002 A Bonds, in substantially the form set forth in EXHIBIT A - BOND FORM of the Ordinance.

"Certificate of Determination" means the Certificate of Determination setting forth the specific terms of the Series 2002 A Bonds, to be executed by the Mayor upon the sale of the Series 2002 A Bonds, the form of which shall be approved in the Supplemental Resolution.

"City" or "Issuer" means the City of Mount Hope, a municipal corporation and political subdivision of the State of West Virginia, in Fayette County thereof, and, where appropriate, the Council and any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds for the proceeds representing the original purchase price thereof.

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

"Consulting Engineers" means any 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, the costs of refunding the Series 1986 Bonds and the Series 1991 Bonds, interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2002 A Bonds and the refunding of the Series 1986 Bonds and the Series 1991 Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by the Ordinance.

"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.

"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-eligible" means, with respect to the Series 2002 A Bonds, meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

"Escrow Agent" means the Escrow Agent under the Escrow Agreement, which shall be appointed pursuant to the Supplemental Resolution.

"Escrow Agreement" means the Escrow Agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and ultimate payment of the Series 1986 Bonds and the Series 1991 Bonds, the deposit therein of proceeds of the Series 2002 A Bonds, the disposition of moneys in the various funds and accounts of the Series 1986 Bonds and the Series 1991 Bonds and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

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

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

"Independent Accountants" or "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 purpose except keeping the accounts of the System in the normal operations of its business and affairs.

"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 2002 A Bonds, insuring the payment of the principal of and interest on all or any of the Series 2002 A Bonds in accordance with the terms thereof.

"Net Proceeds" means the face amount of the Series 2002 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series

2002 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2002 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds or any other proceeds of the Series 2002 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 2002 A 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, the fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided that, "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds; charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"1986 Ordinance" means the ordinance passed by the Issuer on February 20, 1986, authorizing the Series 1986 Bonds.

"1991 Ordinance" means the ordinance passed by the Issuer on November 20, 1990, authorizing the Series 1991 Bonds.

"Original Purchaser" means Crews & Associates, Inc., Charleston, West Virginia, as the purchaser of the Series 2002 A Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2002 A Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2002 A Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2002 A Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Council at the time of approval of such sale of the Series 2002 A Bonds.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under the Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by the Ordinance; and (d) with respect to determining the number or percentage of Registered Owners for the purpose of consents, notices and the like, any Bond registered to the Issuer.

"Paying Agent" means the Bond Commission or any other Paying Agent designated as such for the Series 2002 A Bonds in the Supplemental Resolution, and any successor thereto.

"Prior Ordinance" means the ordinance passed by the Issuer on May 4, 1999, authorizing the Series 1999 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.

"Purchase Price," for the purpose of computation of the Yield of the Series 2002 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2002 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 2002 A Bonds of each maturity is sold or, if the Series 2002 A Bonds are privately placed, the price paid by the first buyer of the Series 2002 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2002 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2002 A Bonds.

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

(a) Government Obligations;

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

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

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

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

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

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

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

"Record Date" means the day of the month which shall be so stated in the Series 2002 A Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Recorder" means the Recorder of the Issuer.

"Redemption Date" means the date fixed for redemption of the Series 1986 Bonds and the Series 1991 Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 1986 Bonds and the Series 1991 Bonds of the Issuer may be called for redemption and includes the principal amount

of such Bonds to be redeemed, plus the interest and premium, if any, required to be paid to effect such redemption.

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

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2002 A Bonds, and any successor thereto.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1986, as amended.

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

"Reserve Accounts" means, collectively, the respective reserve accounts created for the Series 2002 A Bonds and the Series 1999 Bonds.

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

"Revenue Fund" means the Revenue Fund created by the Prior Ordinance and continued by the Ordinance.

"Series 2002 A Bonds" means the Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, of the Issuer, originally authorized to be issued pursuant to the Ordinance and the Supplemental Resolution.

"Series 2002 A Bonds Rebate Fund" means the Series 2002 A Bonds Rebate Fund created by the Ordinance.

"Series 2002 A Bonds Redemption Account" means the Series 2002 A Bonds Redemption Account created by the Ordinance.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account created by the Ordinance.

"Series 2002 A Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2002 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2002 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2002 A Bonds.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund created by the Ordinance.

"Sinking Funds" means, collectively, the respective sinking funds created for the Series 2002 A Bonds and the Series 1999 Bonds.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental to the Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of the Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2002 A Bonds, authorizing the sale of the Series 2002 A Bonds to the Original Purchaser and setting forth provisions specific to the Bond Insurer, if any; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

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

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

"Term Bonds" means Series 2002 A Bonds subject to mandatory sinking fund redemption, as described in the Ordinance.

Funds and Accounts.

The Ordinance establishes the following funds with the Depository Bank:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Costs of Issuance Fund; and

(4) Series 2002 A Bonds Rebate Fund.

The Ordinance establishes the following funds and accounts with the Bond Commission:

(1) Series 2002 A Bonds Sinking Fund;

(2) Series 2002 A Bonds Reserve Account; and

(3) Series 2002 A Bonds Redemption Account.

Payments into Funds and Accounts.

The Ordinance provides that 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 constitute a trust fund for the purposes provided in the Prior Ordinance and in the Ordinance and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in the Ordinance. All Revenues 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, each month, transfer from the Revenue Fund and pay all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, commencing 6 months prior to the first interest payment date of the Series 2002 A Bonds, transfer from the Revenue Fund and remit to the Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2002 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 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 2002 A Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2002 A Bonds deposited therein.

(3) The Issuer shall 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 Series 1999 Bonds Sinking Fund the amount required by the Prior Ordinance to pay principal of the Series 1999 Bonds; and (ii) commencing 12 months prior to the first principal payment date or mandatory Redemption Date of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, and in the Series 2002 A Bonds Redemption Account in the case of the Term Bonds which are to be redeemed, an amount equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2002 A 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 and the next ensuing annual principal payment date or mandatory Redemption Date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1999 Bonds Reserve Account the amount required by the Prior Ordinance; and (ii) commencing 12 months prior to the first principal payment date of the Series 2002 A Bonds, if not fully funded

upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement.

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

Bonds not to be Indebtedness of the Issuer.

The Series 2002 A Bonds shall not 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 funds pledged for such payment by the Ordinance. No Registered Owner of any Series 2002 A Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 A Bonds or the interest thereon.

Bonds Secured by Pledge of Net Revenues.

The payment of the debt service of all of the Series 2002 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity in all respects with the lien on the Net Revenues in favor of the Registered Owners of the Series 1999 Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2002 A Bonds and the Series 1999 Bonds, and all other payments provided for in the Ordinance, are hereby irrevocably pledged in the manner provided in the Ordinance to such payments as the same become due and for the other purposes provided in the Ordinance.

Rates.

Equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay all Operating Expenses and to make the prescribed payments into the

funds and accounts created in the Ordinance. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer covenanted and agreed that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds; provided that, in the event that an amount equal to or in excess of the Series 2002 A Bonds Reserve Requirement is on deposit in the Series 2002 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A Bonds, including the Series 1999 Bonds.

The Issuer covenanted 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 60 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Operation and Maintenance.

The Issuer will operate and maintain the System in good condition and as a revenue-producing enterprise in an efficient and economical manner, making all necessary expenditures for equipment renewal, repair and replacement. The Issuer will also operate and maintain the System in compliance with all federal and state laws.

Sale of the System.

So long as the Series 1999 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 Ordinance. Additionally, so long as the Series 2002 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully the Series 2002 A Bonds or to effectively defease the pledge created by the Ordinance. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002 A Bonds, be immediately remitted to Bond Commission for deposit in the Series 2002 A Bonds Sinking Fund, and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal of and interest on the Series 2002 A Bonds. Any balance remaining after the payment of the Series

2002 A Bonds and the interest thereon 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 Issuer shall have and reserved the right to sell, lease or otherwise dispose of any of the property comprising a part of the System determined in the manner provided in the Ordinance to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption prices of such Bonds. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of the 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, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Registered Owners, 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 Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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 the Ordinance, payable from the Net Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Net 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 all funds and accounts set forth in the Ordinance have been made and are current at the time of the issuance of such subordinate obligations.

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 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 the Ordinance or upon the System or any part thereof.

Additional Parity Bonds.

So long as the Series 1999 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance 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 2002 A Bonds pursuant to the Ordinance, without complying with the conditions and requirements provided in the Ordinance (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds shall be on a parity in all respects with the Series 2002 A Bonds.

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

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

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in the 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for

appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

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

The term "Parity Bonds" shall be deemed to mean additional Bonds issued under the provisions and within the limitations of the Ordinance, payable from the Net Revenues of the System on a parity with the Series 2002 A Bonds, and all covenants and other provisions of the Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2002 A Bonds and the Registered Owners of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with the Ordinance and the Prior Ordinance. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any such Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in the Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Ordinance.

The term "Parity Bond" 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 2002 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 equally, as to lien on and source of and security for payment from such revenues, with the Bonds except in the manner and under the conditions provided in the Ordinance.

No additional parity bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in the Ordinance and the Prior Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in the Ordinance and the Prior Ordinance, shall have been made in full as required to the date of issuance of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of the Ordinance and the Prior Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Insurance.

The Issuer shall carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or

carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks, so long as the Series 2002 A Bonds are outstanding. The Issuer shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance. The Issuer shall itself, or shall require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form), such insurance to be made payable to the order of the Issuer, the prime contractor and all subcontractors, as their interests may appear. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer shall also carry liability insurance for death or injury to persons or damage to property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

No Free Services.

The Issuer will not render or cause to be rendered any free services of any nature by the System nor shall 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 thereof shall avail themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Enforcement of Collections.

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid 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 to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Books and Records.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner 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, 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 Issuer. 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 or the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall also file with the Original Purchaser, and mail to any Registered Owner requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Certified Public Accountants, shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2002 A Bonds issued pursuant to the Ordinance and shall file said report with the Original Purchaser.

Operating Budget.

The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Registered Owner or anyone acting for and on behalf of such Registered Owner who requests the same.

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 waterborne waste matter produced or arising within the territory served by the sewerage facilities 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 facilities 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 facilities 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.

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 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2002 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 2002 A Bonds during the term thereof is, under the terms of the Series 2002 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 2002 A 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 2002 A 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2002 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2002 A 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 2002 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2002 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.

Statutory Mortgage Lien.

For the further protection of the Registered Owners, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series

2002 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Series 1999 Bonds.

Events of Default.

Each of the following events shall constitute an "Event of Default" under the Ordinance:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Series 2002 A Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in the Ordinance or any Supplemental Resolution or in the Series 2002 A Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Registered Owner or any Bond Insurer;

(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 Series 1999 Bonds or the Prior Ordinance.

Enforcement.

Upon the happening and continuance of any Event of Default, any Registered Owner 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 of or interest on the Series 2002 A Bonds then due;

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

(C) Bring suit upon the Series 2002 A Bonds;

(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 Registered Owners; and

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

No remedy by the terms of the Ordinance conferred upon or reserved to the Registered Owners 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 Registered Owners under the Ordinance 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 Registered Owners shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

All rights and remedies of the Registered Owners of the Series 2002 A Bonds shall be on a parity with those of the Registered Owners of the Series 1999 Bonds.

Appointment of Receiver.

If there be any Event of Default existing and continuing, any Registered Owner (or any Bond Insurer if the defaulted Bonds are insured) 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 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 the 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 the System and shall hold, operate, maintain, manage and control the System, 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 the System as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of the 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 the Ordinance 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 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 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 in the Ordinance 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 in the Ordinance.

Any receiver appointed shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Registered Owners of the Bonds issued pursuant to the 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 Registered Owners, and the curing and making good of any default under the provisions of the 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.

Restoration of Issuer and Registered Owner.

In case any Registered Owner shall have proceeded to enforce any right under the 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 Registered Owner shall be restored to their former positions and rights, and all rights and remedies of such Registered Owner shall continue as if no such proceedings had been taken.

Defeasance of Bonds.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of all the Series 2002 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the Ordinance and the pledges of the Net Revenues and other moneys and securities pledged, and all covenants, agreements and other obligations of the Issuer on behalf of the Registered Owners of the Series 2002 A Bonds made under the Ordinance, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2002 A Bonds from gross income for federal income tax purposes.

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 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 above paragraph. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if there shall have been deposited with the Bond Commission or an escrow trustee 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 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 moneys

deposited with the Bond Commission or an escrow trustee 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. For the purpose of this section, securities shall mean and include only Government Obligations or such additional securities as shall be set forth in the Supplemental Resolution.

Amendment of Ordinance.

Prior to issuance of the Series 2002 A Bonds, the Ordinance may be amended 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 the Ordinance, shall be controlling. Following issuance of the Series 2002 A Bonds, the Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Registered Owner or other person, solely for the purpose of maintaining the tax-exempt status of the Series 2002 A Bonds, provided that, in the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of the applicable Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to the Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Registered Owners of the Bonds then Outstanding and affected thereby and the Bond Insurer. 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 Registered Owner of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

$1,285,000
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REFUNDING REVENUE BONDS,
SERIES 2002 A

BOND PURCHASE AGREEMENT

December 10, 2002

City of Mount Hope
P.O. Box 151
Mount Hope, WV 25580

Ladies and Gentlemen:

Crews & Associates, Inc. (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement with the City of Mount Hope (the "Issuer") for the sale by the Issuer and the purchase by the Underwriter of the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A in the aggregate principal amount of $1,285,000 (the "Bonds") described herein and in the Official Statement (defined herein), which are being issued by the Issuer. Upon your acceptance of this offer and your execution and delivery of this Bond Purchase Agreement (hereinafter referred to as the "Bond Purchase Agreement"), this Bond Purchase Agreement will be binding upon you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Bond Purchase Agreement to the Underwriter, at or prior to 11:30 a.m., New York, New York time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree to in writing).

1. Definitions. The capitalized terms used in this Bond Purchase Agreement shall have the meanings assigned to them herein or, if not defined herein, shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on December 10, 2002 (the "Ordinance"). This Bond Purchase Agreement, the Official Statement, the Preliminary Official Statement, the Certificate as to Arbitrage and the Continuing Disclosure Certificate are sometimes herein referred to as the "Bond Documents."

2. Closing. Delivery and acceptance of the Bonds and payment therefor (the "Closing") will take place in Charleston, West Virginia, at the offices of Jackson Kelly PLLC, 1600 Laidley Tower, on December 18, 2002 (the "Closing Date") by 10:00 a.m. or at such other place or time as may be mutually agreed upon by you and the Underwriter. The Bonds will be available in definitive form at the offices of The Depository Trust Company (or the Registrar, if "DTC-Fast" delivery is used) not less than twenty-four hours prior to the Closing Date.

3. Purchase and Sale.

3.1 Subject to the terms and conditions set forth in this Bond Purchase Agreement, and upon the basis of the representations hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all (but not less than all) of the Bonds identified in Exhibit A attached hereto for a total purchase price equal to the Net Purchase Price set forth in Exhibit A, in immediately available funds.

3.2 The Bonds will (i) be issued pursuant to the Ordinance and (ii) have the payment related terms (that is, dated dates, principal or issuance amounts, maturity dates, interest rates and yield to maturity) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the Official Statement referred to in Section 3.3.

3.3 Within seven business days of its acceptance hereof, the Issuer shall deliver to the Underwriter a reasonable number of copies of a final Official Statement of the Issuer of even date herewith, executed by the Issuer (the "Official Statement"). The Official Statement shall be in substantially the same form as that of the Preliminary Official Statement of the Issuer dated December 6, 2002 (the "Preliminary Official Statement"), previously distributed with respect to the Bonds.

4. Concurrent Matters.

4.1 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute your acknowledgment that the Underwriter (a) proposes to make a public offering of the Bonds at the initial offering prices or yields set forth in the Official Statement (which such initial offering prices or yields may be changed by the Underwriter, in its sole discretion), (b) may effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and may discontinue such stabilizing, if commenced, at any time and (c) may change the offering prices of the Bonds from time to time and may offer the Bonds to certain dealers and others at prices lower than the public offering prices shown on the front cover (or inside front cover) of the Official Statement.

4.2 Your acceptance, execution and delivery of this Bond Purchase Agreement will constitute (i) your consent and authorization to the use by the Underwriter, in connection with the public offering and sale of the Bonds, of copies of the Official Statement and the information, contained therein, and (ii) your ratification of the use by the Underwriter, in connection with such offering and sale, of the Preliminary Official Statement and the information contained therein.

5. Representations and Warranties.

5.1 The Issuer hereby makes the following representations and warranties to the Underwriter:

(a) The Issuer is a municipal corporation and political subdivision of the State of West Virginia, located in Fayette County, West Virginia, and authorized to issue the Bonds pursuant to Chapter 8, Article 20 and Chapter 13, Article, 2E of the Code of West Virginia of 1931, as amended (collectively, the "Act").

(b) On December 10, 2002, the Issuer enacted the Ordinance, and since that time the Ordinance has not been rescinded, amended or modified.

(c) When delivered to the Underwriter against payment therefor in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, authenticated, issued and delivered.

(d) The execution and delivery by the Issuer of the Bond Documents and the consummation by the Issuer of the transactions contemplated thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under the Act, or, to its knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement, or any material contract, indenture, agreement or commitment to which the Issuer is a party or by which it is bound.

(e) The Issuer is not in breach of or in default under any existing law, court or administrative regulation, judgment, decree, order, agreement, mortgage, lease, loan agreement or other instrument to which it is a party or by which it is bound. No event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under the Bond Documents or any other agreement or instrument to which the Issuer is a party, or by which it may be bound or to which any of its property is or may be subject.

(f) The Issuer has duly authorized all necessary action to be taken by it for (i) the issuance and sale of the Bonds by the Issuer upon the terms and conditions set forth herein, in the Official Statement and in the Ordinance and the approval of the Official Statement, the Ordinance and the Bonds, and (ii) the execution, delivery and receipt of the Bond Documents 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, effectuate and consummate the transactions contemplated in the Bond Documents.

(g) The information contained in the Preliminary Official Statement and the Official Statement relating to the Issuer and its properties, operations and financial and other affairs, including Appendices A and B, is true and correct in all respects and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) Except as may be described in the Preliminary Official Statement and the Official Statement, there is no legal action, or other proceeding, or any investigation or inquiry (before or by any court, agency, arbitrator or other entity or person) pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or any of its officials, in their respective capacities as such, which would restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Ordinance or in any way would contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or which may reasonably be expected to have a material and adverse effect upon (A) the due performance by the Issuer of the transactions contemplated by the Bond Documents, (B) the validity

or enforceability of the Bonds, the Ordinance, the Bond Documents, or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in consummation of the transactions contemplated hereby and thereby or (C) the exclusion of the interest on the Bonds from gross income for federal income tax purposes and the exemption from State income taxation of the Bonds and interest thereon as set forth in the Official Statement. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that may reasonably be expected to have such an effect.

(i) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(j) The Bond Documents, when executed and delivered by, the Issuer, will be, and this Bond Purchase Agreement constitutes, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally and as to the availability of equitable remedies.

(k) When the Bonds are issued, sold and delivered to the Underwriter, the representations and certifications of the Issuer herein and in the other Bond Documents will be true, accurate and complete.

(l) The audited financial statements and other financial information for the year ended June 30, 2001, contained in the Preliminary Official Statement and the Official Statement as Appendix B, present fairly the financial position of the Issuer at the date indicated and the results of operations for the period specified, and such financial statement; have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto.

(m) Since June 30, 2001, there has been no material adverse change in the financial position or results of operations of the Issuer, nor has the Issuer incurred any material liabilities except as set forth in the Preliminary Official Statement and the Official Statement or disclosed to the Underwriter in writing.

(n) The Issuer deems the Preliminary Official Statement to be final as of its date in accordance with subsection (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Issuer deems the Official Statement to be final and complete as of its date for purposes of subsection (b)(3) of such Rule.

6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) The Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter.

(b) Prior to the Closing Date, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of, the Ordinance or the Bond Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing Date, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interest which will be pledged pursuant to the Ordinance or the Bond Documents.

(d) The Issuer will promptly advise the Underwriter of any matter arising or occurring or discovered before Closing or within 90 days after the end of the underwriting period for the Bonds (within the meaning of Rule 15c2-12 under the Exchange Act) that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or might adversely affect the correctness or completeness of any statement of a material fact contained in the Official Statement.

(e) If as the result of any matters described in paragraph (d) of this Section it becomes necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will, upon notice thereof, promptly prepare and furnish to the Underwriter (at the expense of the Issuer) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement (in form and substance satisfactory to the Underwriter) so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(f) Except as disclosed in the Official Statement, prior to the Closing Date, the Issuer will obtain or cause to be obtained all governmental consents, approvals, orders or authorizations (other than state securities law clearances) of any governmental authority or agency that would constitute a condition precedent to the performance by Issuer of its obligations under the Ordinance, the Bond Documents or the Bonds.

(g) The Issuer will not voluntarily undertake any course of action inconsistent with the satisfaction of the requirements applicable to it as set forth in the Bond Documents.

(h) The Issuer will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter might designate, the cost of which will be borne by the Underwriter, as provided in Section 10.2(iii) below.

(i) The Issuer will not, except as required by law, take or omit to take any action which, under existing law, adversely affects the exemption from federal income taxation of the interest on the Bonds, or adversely affects the West Virginia State tax exemptions with respect to the Bonds and the interest thereon, as set forth in the Official Statement.

(j) The Issuer agrees to comply with all provisions of the Continuing Disclosure Certificate.

7. Conditions of Closing.

7.1 The obligations of the Underwriter to consummate the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 7.2 hereof and to the satisfaction (unless waived by the Underwriter in its sole discretion) of the following conditions:

(a) The representations and warranties made by the Issuer in this Bond Purchase Agreement shall be true and correct as of the Closing Date as if made on such date.

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with prior to closing.

(c) The Bond Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing Date except as may have been agreed to in writing by the Underwriter.

(d) The proceeds of the sale of the Bonds shall be applied as described in the Official Statement.

7.2 In addition to the conditions set forth in Section 7.1, the obligations of the Underwriter to consummate the transactions on the Closing Date contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Jackson Kelly PLLC, Bond Counsel, in form and substance satisfactory to the Underwriter, dated the Closing Date with respect to the validity and tax-exempt nature of the Bonds, and a supplementary opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter, to the effect that: (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer, (ii) the Official Statement has been duly approved, signed and delivered by the Issuer, (iii) assuming due authorization, execution and delivery by the other parties thereto, the Bond Documents have been duly authorized, executed, acknowledged and delivered by the Issuer, and are legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws and equitable principles affecting the right of creditors), (iv) the statements contained in the Official Statement under the captions "Introduction," "The Series 2002 A Bonds," "Security for the Series 2002 A Bonds," "Tax Matters," "Appendix C - Form of Opinion of Bond Counsel", and "Appendix E - Summary of Certain Provisions of the Ordinance" 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, and (v) the 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.

(b) An opinion of John H. Shumate, Jr., Counsel to the Issuer, addressed to, among others, Bond Counsel and the Underwriter, in form and substance satisfactory to Bond Counsel and

the Underwriter, dated the Closing Date, to the effect that: (i) no litigation is pending or, to his knowledge, threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Ordinance, or (b) in any way contesting the existence, powers or authority of the Issuer for the issuance of the Bonds or the validity of the Bonds, or the Bond Documents, (ii) to the best of his knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein with respect to the Issuer not misleading in any material respect, (iii) the Issuer has full legal right, power and authority to enter into the Bond Documents and each constitutes the legal, valid and binding agreement of the Issuer enforceable in accordance with its respective terms (subject to bankruptcy, insolvency and other laws affecting the rights of creditors generally and to general principles of equity), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under any existing law or administrative rule or regulation, or any court order or decree or any agreement, contract or other instrument, to which the Issuer is party or otherwise subject or bound, (v) the Official Statement has been duly approved, executed and delivered by the Issuer, and (vi) the statements contained in the Official Statement under the captions "Financing Plan," "Absence of Material Litigation," and "Continuing Disclosure" (as such information pertains to the Issuer) 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.

(c) An opinion of Goodwin & Goodwin, LLP, Counsel to the Underwriter, in form and substance satisfactory to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date, signed by an officer of the Issuer to the effect that (i) the representations and warranties made by the Issuer in this Bond Purchase Agreement are true and correct as of the Closing Date with the same effect as if made on the Closing Date; (ii) the Issuer has performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it at or prior to the Closing Date; (iii) since the respective dates as of which information is given in the Official Statement, and except as set forth therein, there has not been any material or adverse change in the Issuer's condition, financial or otherwise; (iv) the Official Statement, insofar as it relates to the Issuer, does not include any untrue statement of a material fact or omit to state any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) that subsequent to June 30, 2001, the date of the Issuer's most recent audited financial statements included as Appendix B of the Official Statement, there has been no material adverse change in the financial position or results of operations of the Issuer, (vi) that no litigation is pending or, to the knowledge of the Issuer, threatened against the Issuer or its officers (A) to restrain or enjoin issuance or delivery of any of the Bonds or the collection of Revenues pledged under the Ordinance, (B) in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or the Bond Documents, (C) in any way contesting or affecting the existence or powers of the Issuer or its ability to perform its obligations under the Bond Documents, or (D) that may materially adversely affect the financial condition or operations of the Issuer, (vii) that the Issuer has satisfied all conditions pertaining to the issuance of the Bonds pursuant to the Ordinance and all other applicable provisions, and (viii) that no event affecting the Issuer or the transactions contemplated by the

Official Statement or the Bond Documents has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used, or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading.

(e) A Certificate dated as of the Closing Date signed by an authorized officer of the Issuer, sufficient in form and substance to show to the satisfaction of Bond Counsel and the Underwriter that the Bonds will not be arbitrage bonds under Section 148 of the Code and the regulations thereunder, which certificate shall conform to the requirements of said regulations.

(f) A certified copy of the Ordinance authorizing the execution and delivery by the Issuer of the Bond Documents, certified by its Secretary.

(g) One executed original of each of the Bond Documents.

(h) The executed IRS Form 8038-G to be filed with the Internal Revenue Service.

(i) Such additional legal opinions, certificates and other documents as the Underwriter or Bond Counsel reasonably may deem necessary to evidence the truth and accuracy as of the Closing Date of the representations and warranties of the Issuer herein contained and of the Official Statement, and to evidence compliance by the Issuer with this Bond Purchase Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by either of them.

7.3 If any of the conditions set forth in Section 7.1 or 7.2 has not been met on the Closing Date, the Underwriter may, in its sole discretion, terminate this Bond Purchase Agreement or proceed to Closing upon waiving any rights under this Bond Purchase Agreement with respect to any such condition. If this Bond Purchase Agreement is terminated pursuant to this Section, neither party will have any rights or obligations to the other, except as provided in Sections 10 and 11 herein.

8. Actions and Events at the Closing. The following events will take place at closing:

(a) The Issuer will direct the Registrar to authenticate and deliver the Bonds to the Underwriter, at the place established pursuant to Section 2 herein. Each of the Bonds so delivered will be in definitive form or, with the consent of the Underwriter, in temporary form, duly executed on behalf of the Issuer, in denominations or maturity amounts of five thousand dollars ($5,000) or any integral multiple thereof, and will be fully registered in such names and amounts as the Underwriter will request at least four (4) business days prior to the Closing Date. In the event the Bonds are delivered in temporary form, the Issuer shall deliver the Bonds in definitive form on such date as the Underwriter may reasonably require.

(b) The Issuer will deliver or cause to be delivered at Closing to the Underwriter the documents described in Section 7.2 hereof.

(c) The Underwriter will deliver to the Depository Bank, for the account of the Issuer, immediately available funds in an amount equal to the purchase price of the Bonds set forth as the Net Purchase Price in Exhibit A hereto.

9. Termination of Bond Purchase Agreement. The Underwriter may terminate this Bond Purchase Agreement without liability therefor (except as provided under Section 10) by noticing the Issuer at any time at or prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee, or any decision is rendered by any court of competent jurisdiction or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting interest on the Bonds to inclusion in gross income for federal income tax purposes or has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(b) Any legislation, resolution, rule or regulation is introduced in, or enacted by, any governmental body, department or agency of the State of West Virginia, or shall have been reported out of committee, or a decision by any court of competent jurisdiction within the State of West Virginia is rendered, that, in the reasonable opinion of the Underwriter, has the purpose or effect of subjecting the Bonds or the interest thereon to West Virginia state income taxation or otherwise has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(c) Any other action or event shall exist or have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal or West Virginia income tax consequences of the transactions contemplated by the Official Statement, and in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale at the contemplated offering prices by the Underwriter of the Bonds;

(d) Any fact exists or any event occurs that, in the reasonable opinion of the Underwriter, makes untrue or incorrect in any material respect any statement or information in the Official Statement or causes the Official Statement to 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 under which they were made, not misleading for the purposes for which the Official Statement is to be used;

(e) Any amendment of or supplement to the Official Statement is distributed (whether or not such amendment or supplement was approved by the Underwriter prior to its distribution) which, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(f) There shall have occurred any outbreak, continuation or resumption of hostilities, whether declared or undeclared, or other national or international calamity or crisis, which, in the

reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices;

(g) Any legislation is introduced in, or enacted by the United States Congress, or any action is taken by, or on behalf of, the Securities and Exchange Commission, that in the opinion of the Underwriter has the effect of requiring (i) the registration of a security under the Securities Act of 1933, as amended, or the qualification of an indenture under the Trust Indenture Act of 1939, as amended, in connection with the offering and sale of the Bonds or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Bond Purchase Agreement, the Official Statement, or the other Bond Documents, which cannot, without undue expense, be obtained prior to the Closing Date;

(h) There shall have occurred a general suspension of trading on the New York Stock Exchange, or a general banking moratorium is declared by the United States or by the State of West Virginia authorities, that, in the reasonable opinion of the Underwriter, has a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering prices; or

(i) Any fact exists or any event occurs that is not disclosed in the Preliminary Official Statement, which after disclosure in the Official Statement affects the ability of the Underwriter to sell the Bonds at the contemplated offering prices.

10. Expenses.

10.1 The Issuer will pay or cause to be paid from proceeds of the Bonds or otherwise (i) fees and expenses of bond counsel, counsel to the Issuer, and Underwriter's counsel; (ii) initial fees of the Registrar and Paying Agent; (iii) fee for obtaining "CUSIP Numbers" for the Bonds; (iv) costs of preparing, printing, mailing and delivering the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto; and (v) any other costs and expenses of the issue not set forth in Section 10.2 below.

10.2 The Underwriter will pay (i) sales commissions associated with marketing the Bonds; (ii) costs of qualification of the Bonds for sale under the securities or "Blue Sky" laws of various jurisdictions; (iii) initial fees relating to The Depository Trust Company; and (iv) costs and expenses incurred by the Underwriter in connection with the preparation, offering and distribution of the Bonds, including but not limited to advertising, local and long distance telephone, and travel expenses, as well as management fees in connection with such offering.

10.3 In the event that the Issuer or the Underwriter shall have temporarily paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

10.4 Nothing herein will limit the rights of the Issuer to take action against the Underwriter for default of its responsibilities hereunder or for its actions or inactions regarding the matters contemplated herein.

11. Indemnification.

11.1 To the extent permitted by the laws of the State, the Issuer agrees to indemnify and hold harmless the Underwriter, each director, officer, attorney, agent or employee of the Underwriter, and each person, if any, who controls the Underwriter within the meaning of the Securities Act of 1933, as amended, or within the meaning as determined by the Office of the Comptroller of the Currency (each hereafter, an "Indemnified Party"), from and against all losses, claims, damages, liabilities, settlements and expenses, joint or several, to which each Indemnified Party may become subject, under federal laws or regulations or otherwise, insofar as such losses, claims, damages, liabilities, settlements and expenses, or actions in respect thereof (i) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact pertaining to the Issuer as set forth in the Official Statement, or any amendment or supplement thereto, or the Preliminary Official Statement, or arise out of or are based upon the omission or alleged omission to state therein a material fact pertaining to the Issuer required to be stated therein or necessary to make the statements therein not misleading, or (ii) arise out of or are based upon any claim that the issuance of the Bonds violated any requirements contained in pre-existing bond documents, and the Issuer will assume the defense of any action against any Indemnified Party based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel approved by the Indemnified Party (which approval shall not be unreasonably withheld) and the payment of counsel fees and all other expenses relating to such defense, provided, however, that each Indemnified Party may retain separate counsel in any such action and may participate in the defense thereof (at its expenses, unless the retention of such counsel has been specifically authorized by the Issuer); and provided further, that the Issuer will not be liable to the Underwriter or any Indemnified Party related to it, in any such case to the extent that any such loss, claim, damage, liability and expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any such documents under the caption "Underwriting."

11.2 Promptly after receipt by an Indemnified Party under this Bond Purchase Agreement of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against the Issuer under this Bond Purchase Agreement, notify the Issuer of the commencement thereof, but failure to give such notice shall not relieve the Issuer of its indemnification obligations under this Bond Purchase Agreement unless and to the extent that such failure causes actual harm or prejudice to the Issuer. In case any such action is brought against any Indemnified Party, and it notifies the Issuer of the commencement thereof, the Issuer (i) will assume the defense thereof if and as required under this Bond Purchase Agreement, with counsel satisfactory to the Indemnified Party or (ii) if not required to assume the defense, will be entitled to participate in, and, to the extent that it may wish, jointly with any other Indemnifying Party similarly notified, to assume the defense thereof, with counsel satisfactory to such Indemnified Party. After notice from the Issuer to such Indemnified Party of its assumption of the defense, the Issuer will not be liable to such Indemnified Party in connection with the defense thereof other than for reasonable expenses incurred by the Indemnified Party and its counsel, reimbursement of out-of-pocket expenses and other reasonable costs of investigation or participation in the defense of the claim.

12. Miscellaneous.

12.1 All notices, demands and formal actions hereunder will be written and mailed, telegrammed or delivered to the following address or such other address as either of the parties shall specify:

IF TO THE ISSUER:

City of Mount Hope
P.O. Box 151
Mount Hope, WV 25580
Attention: Mayor

IF TO THE UNDERWRITER:

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

12.2 This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their successors and will not confer any rights upon any other person. The term "successor" will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase. All representations, warranties and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) delivery of and payment for the Bonds hereunder, and (b) any termination of this Bond Purchase Agreement including, but not limited to, the indemnity agreements contained in Section 11 and the continuing disclosure agreement contained in Section 6.1.

12.3 This Bond Purchase Agreement may not be assigned by any of the parties hereto.

12.4 If any provision of this Bond Purchase Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

12.5 The payment for, acceptance of, and delivery and execution of any receipt for the Bonds and any other instruments upon or in connection with the closing by the Underwriter will be valid and sufficient for all purposes and binding upon the Underwriter. No such action by the Underwriter will impose any obligation or liability upon the Underwriter, other than as may arise as expressly set forth in this Bond Purchase Agreement.

EXHIBIT A

$1,285,000
City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage
System Refunding Revenue Bonds,
Series 2002 A

Dated Date: December 1, 2002

Closing Date: December 18, 2002

Year (Mar. 1)	Maturity Amount	Interest	Yield	Price	CUSIP
2008	$330,000	4.000%	3.999%	100%	621621 BA 9
2013	385,000	4.700	4.699	100	621621 BB 6
2017	390,000	5.000	5.250	97.511	621621 BC 4
2022	50,000	5.400	5.600	97.656	621621 BD 2
2025	35,000	5.500	5.700	97.489	621621 BE 0
2031	95,000	5.700	5.850	97.930	621621 BF 7

12.6 Whenever any action contemplated by this Bond Purchase Agreement requires the consent or approval of the Underwriter, it is acknowledged that the Underwriter may not unreasonably withhold such approval.

12.7 This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia applicable to agreements to be performed wholly therein. The parties hereto intend to be legally bound hereby.

12.8 This Bond Purchase Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

12.9 No personal recourse shall be had for any claim based on this Bond Purchase Agreement or the Bonds against any member, officer, agent or employee, past, present or future, of the Issuer or any successor body or entity as such, either directly or through the Issuer or any such successor body or entity, under any constitutional provision, statute, or rule of law or by the enforcement of an assessment or penalty or otherwise.

CREWS & ASSOCIATES, INC.

By: _____
Vice President

Accepted as of the date first above written:

CITY OF MOUNT HOPE

By: _____
Mayor

Redemption Provisions

The Bonds are subject to redemption prior to their stated maturities.

Optional Redemption

The Bonds maturing on and after March 1, 2013, are subject to redemption, on or after March 1, 2008, at the option of the Issuer, in whole or in part at any time, from any moneys available for such purpose, at the applicable Redemption Price (expressed as percentages of the principal amount to be so redeemed) set forth in the table below, plus interest, if any, accrued to the date fixed for redemption.

Optional Redemption Period (both dates inclusive)	Redemption Price
March 1, 2008 to February 28, 2009	102%
March 1, 2009 to February 28, 2010	101
March 1, 2010 and thereafter	100

Sinking Fund Redemption

The Series 2002 A Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031, shall be subject to mandatory redemption prior to maturity in part from moneys on deposit in the Series 2002 A Bonds Sinking Fund at redemption prices equal to 100% of the principal amounts thereof, plus accrued interest to the mandatory redemption dates, on the dates and in the amounts set forth below:

2008 Term Bonds

Year	Amount	Year	Amount
2003	$10,000	2006	$65,000
2004	60,000	2007	65,000
2005	60,000	2008*	70,000

2013 Term Bonds

Year	Amount	Year	Amount
2009	$70,000	2012	$80,000
2010	75,000	2013*	85,000
2011	75,000		

2017 Term Bonds

Year	Amount	Year	Amount
2014	$90,000	2016	$100,000
2015	95,000	2017*	105,000

2022 Term Bonds

Year	Amount	Year	Amount
2018	$10,000	2021	$10,000
2019	10,000	2022	10,000
2020	10,000		

2025 Term Bonds

Year	Amount	Year	Amount
2023	$10,000	2025*	$15,000
2024	10,000		

2031 Term Bonds

Year	Amount	Year	Amount
2026	$15,000	2029	$15,000
2027	15,000	2030	15,000
2028	15,000	2031*	20,000

The principal amount of Series 2002 A Bonds maturing March 1, 2008, March 1, 2013, March 1, 2017, March 1, 2022, March 1, 2025, and March 1, 2031, delivered to or purchased by the Commission shall reduce pro tanto the principal amount of Series 2002 A Bonds to be redeemed on the mandatory redemption date with respect to such maturity next following such delivery or purchase.

*Stated maturity.

Net Purchase Price:

Par Amount	$1,285,000.00
Less: Underwriter's Discount	(40,000.00)
Less: Original Issue Discount	(13,724.45)
Net Bond Proceeds	$1,231,275.55
Plus: Accrued Interest	2,872.76
Net Purchase Price	$1,234,148.31

$1,285,000
CITY OF MOUNT HOPE (WEST VIRGINIA)
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REFUNDING REVENUE BONDS,
SERIES 2002 A

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 Mount Hope (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 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the City's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated December 6, 2002, setting forth information concerning the Bonds and the issuer of the Bonds (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, the identity of the Underwriter and other terms of the Bonds and any underlying obligations depending on such matters, all with respect to the Bonds and any underlying obligations.

(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.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 18th day of December, 2002.

Michael Martin, Mayor

CONTINUING DISCLOSURE CERTIFICATE

CITY OF MOUNT HOPE
as Issuer,

Dated as of December 18, 2002

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THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is made and entered into as of the 18th day of December, 2002, by CITY OF MOUNT HOPE (the "Issuer).

RECITALS:

WHEREAS, the Issuer has issued or will issue its $1,285,000 Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), pursuant to a Bond Ordinance enacted on December 10, 2002, and a Supplemental Resolution adopted on December 10, 2002 (collectively, the "Ordinance"), to (i) prepay certain outstanding bonds of the Issuer; (ii) fund a reserve account for the Series 2002 A Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) pay costs relating to the issuance of the Bonds; and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement dated December 6, 2002, and an Official Statement dated December 10, 2002 (collectively, the "Offering Document"); and the Issuer has entered into a Bond Purchase Agreement, dated as of December 10, 2002 (the "Bond Purchase Agreement"), with respect to the sale of the Bonds, with the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Issuer wishes to provide for the disclosure of certain information concerning the Bonds and other matters on a continuing basis as set forth herein for the benefit of the Bondholders in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Ordinance, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Ordinance, as amended and supplemented from time to time. In addition, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean annual financial information and operating data customarily prepared by the Issuer and which is publicly available and which appears in the Offering Document. The Issuer customarily prepares audited annual financial information using generally accepted accounting procedures, provided however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. This Annual Financial Information is customarily available to the public.

"Disclosure Representative" shall mean the Mayor of the Issuer, and any successor thereto, or such other person as the Issuer may from time to time designate in writing.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean, as to the Issuer, any of the events listed in items (i) through. (xii) below, the occurrence of which the Issuer and/or the Disclosure Representative obtains knowledge, and which the Issuer or Disclosure Representative determines would constitute material information for Bondholders, provided, that the occurrence of an event described in clauses (iii), (v), (vi), (vii), (x), (xi) and (xii) shall always be deemed to be material. The following events, if material, shall constitute Material Events:

(i) any delinquency in the payment of principal of or interest on the Bonds;

(ii) any nonpayment related Event of Default under the Ordinance;

(iii) the occurrence of any unscheduled draws on any debt service reserve fund or account under the Ordinance reflecting financial difficulties;

(iv) the occurrence of any unscheduled draws on credit enhancements reflecting financial difficulties;

(v) any substitution of credit or liquidity providers or the failure of any such credit or liquidity providers to perform;

(vi) any adverse tax opinions or other events affecting the exclusion from gross income of the interest on the Bonds;

(vii) any modifications of the rights of any Bondholder;

(viii) the notice to the Bondholders of any optional or other unscheduled redemption;

(ix) the defeasance of any Bonds;

(x) the release, substitution or sale of property securing the repayment of the Bonds;

(xi) any change in any rating provided by a nationally recognized municipal securities rating agency on the Bonds; and

(xii) any other material event affecting the Bonds or the Issuer.

"NRMSIR" shall mean all of the Nationally Recognized Municipal Securities Information Repositories as of the date hereof, as set forth in EXHIBIT A hereto, and all future Nationally

Recognized Municipal Securities Information Repositories approved by the SEC from time to time.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository, as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the State of West Virginia.

"Turn Around Period" shall mean two (2) business days with respect to Material Event occurrences disclosed by the Issuer to the Disclosure Representative, or, which otherwise become known to the Disclosure Representative.

(B) This Certificate applies to the Bonds and any additional bonds or other obligations issued under the Ordinance or any supplement thereto.

(C) The Disclosure Representative shall have no obligation to make disclosure in connection with the Bonds or the Project except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Representative under any other agreement with the Issuer.

Section 2. Disclosure of Information.

(A) General Provisions. This Certificate governs the Issuer's direction to the Disclosure Representative, with respect to information to be made public and in its actions under this Certificate.

(B) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 3 hereof, the Issuer shall make or cause the Disclosure Representative to make public the information set forth in subsections (1) and (2) below:

(1) Annual Financial Information. Annual Financial Information of the Issuer at least annually not later than nine (9) months after the end of the fiscal year (the "Disclosure Date"), beginning with the fiscal year ending June 30, 2003, and continuing with each fiscal year thereafter, shall be subject to disclosure. The Disclosure Representative shall, on behalf of the Issuer, provide Annual Financial Information to the NRMSIR and SID not later than the Disclosure Date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted

separately from the balance of the Annual Financial Information.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(C) Information Provided by Disclosure Representative to Public.

(1) The Issuer directs the Disclosure Representative on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Representative agrees to act as the Issuer's agent in so making public, as regards the operations of the Issuer, the following:

(a) Annual Financial Information;

(b) Material Event occurrences; and

(c) such other information as the Issuer shall determine to make public through the Disclosure Representative.

The Issuer shall provide such information to the Disclosure Representative in the form required by subsection (C)(2) of this Section 2. If the Issuer chooses to include any information in any financial information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future financial information report or notice of occurrence of a Material Event.

(2) The information, which the Issuer has agreed to make public, shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Representative by the Issuer, in the form of notice required by the Ordinance, this Certificate or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Representative shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Representative shall make public the Annual Financial Information and Material Event occurrences within the applicable Turn Annual Period. Notwithstanding the foregoing, Material Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer to the Disclosure Representative has not been provided on a timely basis, the Disclosure Representative shall make such information public as soon thereafter as it is provided to the Disclosure Representative.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer or the Disclosure Representative under this Certificate if it is transmitted to one or more of the following as provided in subsection (D)(2) of this Section 2:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Ordinance;

(b) to each NRMSIR, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a NRMSIR by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the NRMSIR;

(c) to the SID (if a SID is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to a SID by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SID;

(d) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the MSRB by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the MSRB; and/or

(e) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Representative is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Representative or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Material Events shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(b) any notice of a failure by the Issuer to provide required Annual Financial Information, on or before the date required by this Certificate shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State);

(c) any other information which the Issuer decides to make public shall be made available to each NRMSIR or the MSRB and to the SID (if a SID is established for the State); and

(d) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

Nothing in this subsection shall be construed to relieve the Registrar and Paying Agent under the Ordinance, of its obligation to provide notices to the holders of all Bonds if such notice is required by the Ordinance, but nothing herein shall be construed to require them to take any actions other than those set forth in the Ordinance.

Nothing in this Certificate shall be construed to require the Disclosure Representative to interpret or provide an opinion concerning the information made public. If the Disclosure Representative receives a request for an interpretation or opinion, the Disclosure Representative may refer such request to the Issuer for response.

Section 3. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate (and the Disclosure Representative shall agree to any amendment so requested by the Issuer) and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 4. Miscellaneous.

(A) Compliance with Prior Continuing Disclosure Certificates. The Issuer certifies that, except as is set forth in the Preliminary Official Statement and the Official Statement, it is as of the date hereof in compliance with the provisions of all continuing disclosure certificates or similar agreements or certificates heretofore delivered in connection with the issuance of any prior bonds.

(B) Representations. The Issuer represents and warrants (i) that it has duly authorized the execution and delivery of this Certificate by its Mayor, (ii) that it has all requisite power and authority to execute and deliver, and perform this Certificate under its organizational documents and any ordinances or resolutions now in effect, (iii) that the execution and delivery of this Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, ordinance, resolution, decree, agreement or instrument by which it is bound, and (iv) that it is not aware of any litigation or proceeding pending, or, to the best of its knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Certificate, or its due authorization, execution and delivery of this Certificate, or otherwise contesting or questioning the issuance of the Bonds.

(C) Governing Law. This Certificate shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any

other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Certificate shall be interpreted and construed in a manner consistent therewith.

(D) Severability. If a court of competent jurisdiction hereof shall hold any provision invalid or unenforceable, the remaining provisions hereof shall survive and continue in full force and effect.

(E) Counterparts. This Certificate may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(F) Termination. This Certificate may be terminated by the Issuer upon thirty days' written notice of termination, provided that notice of the termination of this Certificate is provided to each NRMSIR, the appropriate SID, if any, and/or the MSRB and further provided that nationally recognized bond counsel provides an opinion that the new continuing disclosure certificate is in compliance with all State and Federal Securities laws; provided, however, the termination of this Certificate is not effective until the Issuer, or its successor, enters into a new continuing disclosure certificate and agrees to continue to provide, to each NRMSIR, SID and/or the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB.

This Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity, or if the Rule should be changed so as to no longer require this Certificate.

(G) Defaults: Remedies. The Issuer shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to the Issuer, the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds shall, or any Bondholder may, take such actions as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer to comply with its obligations under this Certificate. The Issuer acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder; and, therefore, agrees that the remedy of specific performance shall be the sole remedy available in any proceeding to enforce this Certificate. The occurrence of any event of default as provided in this Certificate shall not constitute an event of default under the Ordinance.

(H) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Representative, the Participating Underwriter and Bondholders and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Issuer has caused it duly authorized officer to execute this Certificate as of the day, month and year first have been written.

CITY OF MOUNT HOPE

By: _____
Mayor

EXHIBIT A

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission as of December 1, 2002:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/muni_contactinfo.html
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
http://www.dpcdata.com
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
http://www.interactivedata.com
Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

JACKSONKELLY
ATTORNEYS AT LAW PLLC
1600 LAIDLEY TOWER • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

December 18, 2002

City of Mount Hope
Mount Hope, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Re: City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2002 A

Ladies and Gentlemen:

We have served as bond counsel to the City of Mount Hope (the "Issuer"), a duly created and presently existing municipal corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to the issuance of the City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (the "Bonds"), dated December 1, 2002, issued in the original aggregate principal amount of $1,285,000. The Bonds are issued in fully registered form, mature on March 1 in the years and amounts and bear interest payable each March 1 and September 1, commencing March 1, 2003, all as set forth in the Official Statement relating to the Bonds.

The 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 Official Statement relating to the Bonds.

The Bonds are issued for the purposes, along with other funds available therefor, of (i) prepaying the Waterworks and Sewerage System Revenue Bonds, Series 1986 (the "Series 1986 Bonds") and the Waterworks and Sewerage System Revenue Bonds, Series 1991(the "Series 1991 Bonds"), of the Issuer; (ii) funding a reserve account for the Bonds in the amount of 1/120th of the Series 2002 A Bonds Reserve Requirement; and (iii) paying certain issuance and other costs in connection therewith.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended

(collectively, the "Act"), an Ordinance duly passed by the Issuer on November 19, 2002, effective December 10, 2002, and a Supplemental Resolution adopted on December 10, 2002 (collectively, the "Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance.

The Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated December 10, 2002, and accepted by the Issuer (the "Bond Purchase Agreement").

As to questions of fact material to our opinion, we have relied upon representations and certifications of the Issuer, contained in the Ordinance and the Certificate as to Arbitrage 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, representations and certifications of the Issuer pertaining to tax matters set forth in the Ordinance and the Certificate as to Arbitrage and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision under and pursuant to the laws of the State of West Virginia, with full power and authority to enact the Ordinance, to enter into the Bond Purchase Agreement and perform its obligations under the terms and provisions thereof, to refund the Series 1986 Bonds and the Series 1991 Bonds and to issue and sell the 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 the Ordinance, has authorized, executed and delivered the Bond Purchase Agreement and the Continuing Disclosure Certificate and has issued and delivered the Bonds to the Purchaser pursuant to the Bond Purchase Agreement. The Ordinance is in full force and effect as of the date hereof and constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement and the Continuing Disclosure Certificate constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their

respective terms; and the Bonds, subject to the terms thereof, constitute valid, legally enforceable and binding special obligations of the Issuer, payable from and secured by a first lien on and pledge of the Net Revenues of the System and are issued on a parity with respect to liens, pledge and source of and security for payment with the Series 1999 Bonds, and enforceable in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance 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 Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 and 7 below, we express no opinion regarding other federal tax consequences arising with respect of the Bonds.

5. Under the Act, the 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, except inheritance, estate and transfer taxes.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" in the Ordinance and covenanted therein that it did not reasonably expect to issue more than $10,000,000 in aggregate principal amount of obligations (other than private activity bonds) the interest on which is excludable from the gross income of the holders thereof for federal

income tax purposes during the calendar year 2002. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

8. The Series 1986 Bonds and the Series 1991 Bonds have been paid within the meaning and with the effect expressed in the 1986 Ordinance and the 1991 Ordinance, and the covenants, agreements and other obligations of the Issuer to the owners of the Series 1986 Bonds and the Series 1991 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the United States of America, United States Department of Agriculture, Rural Utilities Service, the owner of the Series 1986 Bonds and the Series 1991 Bonds, that it has received payment for the entire outstanding principal of the Series 1986 Bonds and the Series 1991 Bonds and all interest accrued thereon on the date hereof and that the Series 1986 Bonds and the Series 1991 Bonds have been paid in full.

It is to be understood that the rights of the owners of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds, the Ordinance, the Continuing Disclosure Certificate and the Bond 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 No. AR-1 and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

Jack Kelly PLLC

JACKSONKELLY
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December 18, 2002

City of Mount Hope
Mount Hope, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Re: City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bond, Series 2002 A

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance of the above-captioned bonds (the "Bonds") of the City of Mount Hope (the "Issuer"), issued pursuant to the Constitution and laws of the State, including particularly Chapter 8, Article 20 and Chapter 13, Article 2E of the Code of West Virginia, 1931, as amended (the "Act") and pursuant to an Ordinance passed by the City Council on November 19, 2002, effective December 10, 2002, as supplemented by the Supplemental Resolution of the Issuer adopted December 10, 2002 (collectively, the "Ordinance"). We are herewith rendering our final approving opinion of even date in connection with the authorization, issuance and delivery of the Bonds to Crews & Associates, Inc., as the Underwriter named in the Bond Purchase Agreement dated December 10, 2002 (the "Bond Purchase Agreement"), relating to the Bonds.

In rendering this opinion, we reviewed records of the acts taken by the Issuer in connection with the authorization, sale and issuance of the Bonds, including a record of proceedings of the Issuer relating to the authorization, execution and delivery of the Bond Purchase Agreement, and we were present at various meetings for the preparation of various parts of the Official Statement relating to the Bonds, dated and executed by the Mayor of the Issuer on December 10, 2002 (the "Official Statement").

1. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer.

2. The Official Statement has been duly approved, signed and delivered by the Issuer.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Bond Documents have been duly authorized, executed, acknowledged and delivered by the Issuer, and are legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms (except as enforcement of remedies may be limited by bankruptcy, insolvency or other laws and equitable principles affecting the right of creditors).

4. The statements contained in the Official Statement under the captions "Introduction," "The Series 2002 A Bonds," "Security for the Series 2002 A Bonds," "Tax Matters," "Appendix C - Form of Opinion of Bond Counsel", and "Appendix E - Summary of Certain Provisions of the Ordinance" do not contain any untrue statement of a material fact or omit to state a material fact necessary to make such statement, in light of the circumstances under which they were made, not misleading in any material respect.

5. The 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,

Tucker Kelly PLLC

JACKSONKELLY
ATTORNEYS AT LAW PLLC

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December 18, 2002

City of Mount Hope
Mount Hope, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Re: City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2002 A

Ladies and Gentlemen:

We have served as bond counsel with respect to the above-captioned bonds (the "Bonds"). The initial public offering price of certain of the Series 2002 A Bonds maturing on March 1, 2017, March 1, 2022, March 1, 2025 and March 1, 2031, each inclusive (the "Discount Bonds"), is less than that amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which the Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). We are of the opinion that amounts received upon such disposition which are attributable to accrued OID will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Very truly yours,

Jackson Kelly PLLC

M0380100.1

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December 18, 2002

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City of Mount Hope
Mount Hope, West Virginia

Crews & Associates. Inc.
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: City of Mount Hope (West Virginia) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A

Ladies and Gentlemen:

I have served as Counsel to the City of Mount Hope, West Virginia (the "Issuer") for the above-captioned bonds of the Issuer (the "Bonds"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the Bonds, a Bond Purchase Agreement, dated December 10, 2002, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and between the Issuer and the Underwriter named therein, a Bond Ordinance duly passed by the Issuer on November 19, 2002, effective December 10, 2002, as supplemented by the Supplemental Resolution duly adopted by the Issuer on December 10, 2002 (collectively, the "Ordinance"), and other documents relating to the Bonds and the Issuer, including the Continuing Disclosure Certificate, the Preliminary Official Statement dated December 6, 2002, the Official Statement dated December 10, 2002, the General Certificate and the Certificate As to Arbitrage (collectively with the Bond Purchase Agreement and Ordinance, the "Bond Documents"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Purchase Agreement and the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to operate and maintain the System, to refund the Series 1986 Bonds and the Series 1991 Bonds and to enact the Ordinance, all under the Act and other applicable provisions of law.

2. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Underwriter, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The members and officers of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Ordinance has been duly adopted and enacted by the Issuer and is in full force and effect. The Issuer has full power and authority to consummate all transactions contemplated by the Bonds and the Bond Documents.

5. The execution and delivery of the Bonds and the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Bond Purchase Agreement, the Ordinance and the Bond Documents, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach or default under any ordinance, order, resolution, agreement or other document to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

6. To the best of my knowledge, no litigation is pending or threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Net Revenues pledged under the Ordinance, or (b) in any way contesting the existence, powers or authority of the Issuer for the issuance of the Bonds or the validity of the Bonds, or the Bond Documents.

7. To the best of my knowledge, no event affecting the Issuer has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein with respect to the Issuer not misleading in any material respect.

8. The Issuer has full legal right, power and authority to enter into the Bond Documents and each constitutes the legal, valid and binding agreement of the Issuer enforceable in accordance with its respective terms (subject to bankruptcy, insolvency and other laws

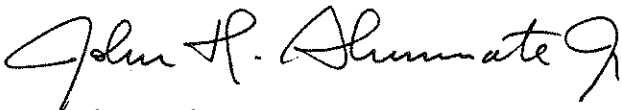
affecting the rights of creditors generally and to general principles of equity), and compliance with the provisions of each thereof will not conflict with or constitute a violation or breach of or default under any existing law or administrative rule or regulation, or any court order or decree or any agreement, contract or other instrument, to which the Issuer is party or otherwise subject or bound.

9. The Official Statement has been duly approved, executed and delivered by the Issuer.

10. The statements contained in the Official Statement under the captions "Financing Plan," "Absence of Material Litigation," and "Continuing Disclosure" (as such information pertains to the Issuer) 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.

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

Very truly yours,



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December 18, 2002

Crews & Associates, Inc.
Charleston, West Virginia

Re: City of Mount Hope (West Virginia)
Combined Waterworks and Sewerage System
Refunding Revenue Bonds, Series 2002 A

Gentlemen:

We have acted as your counsel in connection with your purchase of the above-captioned bonds (the "Bonds") pursuant to a Bond Purchase Agreement dated December 10, 2002 (the "Agreement"), between the City of Mount Hope (the "Issuer") and you. Capitalized terms used and not otherwise defined herein have the respective meanings assigned to them in the Agreement.

We are of the opinion that 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; and based upon our participation in the preparation of the Official Statement as counsel for the Underwriter and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, we have no reason to believe that as of the date of the Closing the Official Statement, as of its date, contained an untrue statement of a material fact or omitted 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 (except for the statements in the Official Statement with respect to The Depository Trust Company and Bonds being available in book-entry form only and except for information concerning the financial statements and other financial and statistical data included therein, as to which we express no view) or that the Official Statement, as amended or supplemented to the date of Closing (except as aforesaid) contains an 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.

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP