CITY OF MOUNT HOPE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

Closing Date: November 28, 2007

TRANSCRIPT OF PROCEEDINGS

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State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date November 27, 2007 Time 9:30 a.m. LGA City of Mount Hope Program CWSRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sammie Lee	Jackson Kelly PLLC	340 1318	340.1272	sglee@jacksonkelly.com
M. Kauffelt	Kauffelt & Kauffelt	345-1272	345-1280	MKAUFFELT@citynet.net
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Barbara B Meadows	WV WDA	558-3612	558-0299	bmeadows@wvwda.org

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Mayor Michael Martin Telephone 304 877-2211 E-Mail

Address P.O. Box 151, Mount Hope, WV 25880

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

State of West Virginia

Certificate

I, Betty Ireland, 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 2007 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

November 20, 2007

Betty Ireland

Secretary of State

sources 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 SYSTEMS.

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

Sec.
8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.
8-20-1a. Acquisition and operation of combined systems; extension beyond corporate limits; definitions.
8-20-1b. Cooperation with other governmental units.
8-20-1c. Severance of combined system.

Part II. Right of Eminent Domain.

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

Part III. Revenue Bond Financing.

8-20-3. Ordinance describing project; contents.
8-20-4. Publication of abstract of ordinance and notice; hearing.
8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.
8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.
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8-20-9. Operating contract.
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.
8-20-11. Discontinuance of water service for nonpayment of rates or charges.
8-20-11a. Governmental entities subject to established rates.
8-20-12. Use of revenues; sinking fund.
8-20-13. System of accounts; audit.
8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.
8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Part IV. Grants, Loans and Advances; Cumulative Authority.

8-20-16. Grants, loans and advances.
8-20-17. Additional and alternative method for constructing, etc., and financing combined system; cumulative authority.

Part V. Operation by Board; Construction.

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

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

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.

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

§ 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.)

§ 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.)

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

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.)

§ 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 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.

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.)

§ 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.)

§ 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

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.)

§ 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.)

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.)

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).

Municipality cannot compel landlord liability. — While a landlord may choose to contract directly with the municipality if he seeks to furnish utilities as an element of the rental package, W.Va. Code § 8-20-10 is not an instrument through which municipalities can compel a landlord to contract with the municipality and to assume responsibility for the tenant's delinquencies. State ex rel. Pub. Serv. Comm'n v. Town of Fayetteville, 212 W. Va.427, 573 S.E.2d 338 (2002), *this is a per curiam opinion.*

§ 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

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.)

§ 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. — For construction of the county court as county commission, 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 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.)

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

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.)

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.)

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VOLUME 3

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2006 SUPPLEMENT

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trate 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.

(d) No municipality may foreclose upon the premises served by it for delinquent rates 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. (1989, c. 133; 1990, cc. 140, 141; 2004, c. 185.)

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, in the section heading, added "Deposit required for new customers" to the beginning, deleted "notice of delinquency" preceding "failure," and inserted "payment from deposit; reconnecting deposit; return of deposit; liens"; added (a)(2); in (a)(1), in the first sentence, substituted "twenty" for "thirty" and "property and the owner thereof, as well as the" for "owner" preceding the second occurrence of "user," and "and property" following the second occurrence of "user," and added the last two sentences; and deleted "as provided by ordinance of the municipality" following the first occurrence of "delinquent" in (b).

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

Part III. Revenue Bond Financing.

Sec.
8-20-10. Power and authority of municipality to enact ordinances and make rules and fix rates, fees or charges; deposit required for new customers; change in rates, fees or charges; failure to cure delinquency; delinquent rates, discontinuance of service; reconnecting deposit; return of deposit; fees or charges as liens; civil action for recovery thereof; deferral of filing fees and costs in magistrate court action; limitations with respect to foreclosure.

Effect of amendment of 2004. — Acts 2004, c. 185, effective June 10, 2004, inserted "Waterworks and Sewerage" in the article heading.

(4) The municipality or governing body, but only one of them, may collect from all new applicants for service a deposit of one hundred dollars or two twelfths of the average annual usage of the applicant's specific customer class, whichever is greater, to secure the payment of water and sewage service rates, fees and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent and the user's service is disconnected or terminated, no reconnecting or reinstatement of service may be made by the municipality or governing body until another deposit equal to one hundred dollars or a sum equal to two twelfths of the average usage for the applicant's specific customer class, whichever is greater, is remitted to the municipality or governing body. After twelve months of prompt payment history, the municipality or governing body shall return the deposit to the customer or credit the customer's account with interest at a rate as the Public Service Commission may prescribe: Provided, That where the customer is a tenant, the municipality or governing body is not required to return the deposit until the time the tenant discontinues service with the municipality or governing body. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The municipality or governing body may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water services to a delinquent user of either water or sewage facilities, or both, ten days after the water or sewage services become delinquent regardless of whether the governing body utilizes the security deposit to satisfy any delinquent payments.

(b) Whenever any rates, fees or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided shall be delinquent and the municipality or governing body may apply any deposit against any delinquent fee 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 magis-

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 22C, ARTICLE 2 OF THE WEST VIRGINIA CODE, AND CHAPTER 22C, ARTICLE 2 OF THE 2007 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

November 20, 2007

Betty Ireland

Secretary of State

and Environment § 172.
; §§ 483, 505.

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h 3, 1995; Acts 2000, c. 278,

i and Environment §§ 130, 172.
§§ 358 to 371.
s §§ 483, 543 to 581.

ARTICLE 2

WATER POLLUTION CONTROL REVOLVING FUND ACT

Section

22C-2-1. Definitions.
22C-2-2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency.
22C-2-3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund.
22C-2-4. Annual audit.
22C-2-5. Collection of money due to the fund.
22C-2-6. State construction grants program established; special fund.
22C-2-7. Environmental review of funded projects.
22C-2-8. Conflicting provisions.

§ 22C-2-1. Definitions

Unless the context in which used clearly requires a different meaning, as used in this article:

(a) "Authority" means the water development authority provided for in section four, article one of this chapter.

(b) "Cost" as applied to any project financed under the provisions of this article means the total of all costs incurred by a local entity that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project including:

(1) Developmental, planning and feasibility studies, surveys, plans and specifications;

(2) Architectural, engineering, financial, legal or other special services;

(3) Acquisition of land and any buildings and improvements on the land or buildings, including the discharge of any obligations of the sellers of the land, buildings or improvements;

(4) Site preparation and development, including demolition or removal of existing structures, construction and reconstruction, labor, materials, machinery and equipment;

(5) The reasonable costs of financing incurred by the local entity in the course of the development of the project, carrying charges incurred before placing the project in service, interest on funds borrowed to finance the project to a date subsequent to the estimated date the project is to be placed in service, necessary expenses incurred in connection with placing the project in service, and the funding of accounts and reserves which the authority may require; and

(6) Other items that the division of environmental protection determines to be reasonable and necessary.

(c) "Fund" means the state water pollution control revolving fund provided for in this article as it may be expanded or modified from time to time pursuant

to the clean water act, as amended, the federal safe drinking water act, as amended or by the executive order of the governor issued to comply with federal laws relating to the acts.

(d) "Instrumentality" means the division of environmental protection or the agency designated by an order of the governor as having the primary responsibility for administering the fund pursuant to the federal clean water act, as amended, and the federal safe drinking water act, as amended, or other federal laws.

(e) "Local entity" means any county, city, town, municipal corporation, authority, district, public service district, commission, banking institution or political subdivision in West Virginia.

(f) "Project" means any public water or wastewater treatment facility located or to be located in or outside this state by a local entity and includes:

(1) Sewage and wastewater collection, treatment and disposal facilities;

(2) Public water transportation, treatment and distribution facilities;

(3) Drainage facilities and projects;

(4) Administrative, maintenance, storage and laboratory facilities related to the facilities delineated in subdivisions (1), (2) and (3) of this subsection;

(5) Interests in land related to the facilities delineated in subdivisions (1), (2), (3) and (4) of this subsection; and

(6) Other projects allowable under federal law.

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

United States Code Annotated

Water Pollution Prevention and Control,
Generally, see 33 U.S.C.A. § 1251 et seq.
Effluent limitations, see 33 U.S.C.A. § 1311 et seq.
Water Pollution, Waste Treatment Management, grants, see 33 U.S.C.A. § 1281 et seq.

§ 22C–2–2. Designation of division of environmental protection as state instrumentality for purposes of capitalization agreements with the United States environmental protection agency

The division of environmental protection shall act as the instrumentality that is empowered to enter into capitalization agreements with the United States environmental protection agency, to accept capitalization grant awards made under the federal clean water act, as amended, the safe drinking water act, as amended, and other federal laws and to otherwise manage the fund provided for in this article in accordance with the requirements of said federal laws.

Acts 1994, c. 61.

Library References

Environmental Law ⇐216.
Westlaw Topic No. 149E.
C.J.S. Health and Environment §§ 130, 172.

§ 22C–2–3. West Virginia water pollution control revolving fund; disbursement of fund moneys; administration of the fund

(a) Under the direction of the division of environmental protection, the water development authority shall establish, administer and manage a permanent and perpetual fund, to be known as the "West Virginia Water Pollution Control Revolving Fund." The fund shall be comprised of moneys appropriated to the fund by the Legislature, moneys allocated to the state by the federal government expressly for the purposes of establishing and maintaining a state water pollution control revolving fund, all receipts from loans made from the fund to local entities, all income from the investment of moneys held in the fund, and all other sums designated for deposits to the fund from any source, public or private. Moneys in the fund shall be used solely to make loans to local entities to finance or refinance the costs of a project: Provided, That moneys in the fund shall be utilized to defray the costs incurred by the authority and the division of environmental protection in administering the provisions of this article: Provided, however, That moneys in the fund shall be used to make grants for projects to the extent allowed or authorized by federal law.

(b) The director of the division of environmental protection, in consultation with the authority, shall promulgate legislative rules in accordance with the provisions of article three, chapter twenty-nine-a of this code, to:

(1) Govern the disbursement of moneys from the fund; and

(2) Establish a state water pollution control revolving fund program to direct the distribution of grants or loans from the fund to particular local entities and establish the interest rates and repayment terms of the loans.

(c) In order to carry out the administration and management of the fund, the authority is authorized to employ officers, employees, agents, advisers and consultants, including attorneys, financial advisers, engineers, other technical advisers and public accountants and, notwithstanding any provisions of this code to the contrary, to determine their duties and compensation without the approval of any other agency or instrumentality.

(d) The authority shall promulgate legislative rules in accordance with the provisions of article three, chapter twenty-nine-a of this code to govern the pledge of loans to secure bonds of the authority.

(e) All moneys belonging to the fund shall be kept in appropriate depositories and secured in conformance with this code. Disbursements from the fund shall be authorized for payment by the director of the authority or the director's designee. Any depository or officer of the depository to which moneys of the fund are paid shall act as trustee of the moneys and shall hold and apply them solely for the purposes for which the moneys are provided under this article. Moneys in the fund shall not be commingled with other money of the authority. If not needed for immediate use or disbursement, moneys in the fund may be invested or reinvested by the authority in obligations or securities which are considered lawful investments for public funds under this code.

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

Administrative Code References

Program rules, see W. Va. Code St. R. § 47–31–1 et seq.

Library References

Environmental Law ⇐179, 180, 216.
States ⇐127.
Westlaw Topic Nos. 149E, 360.
C.J.S. Health and Environment §§ 130, 172.
C.J.S. States §§ 386 to 387.

§ 22C–2–4. Annual audit

The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants, and the cost thereof may be defrayed as a part of the cost of construction of a project or as an administrative expense under the provisions of subsection (a), section three of this article.

Acts 1994, c. 61.

Library References

Environmental Law ⇐179, 180, 216.
States ⇐121.
Westlaw Topic Nos. 149E, 360.
C.J.S. Health and Environment §§ 130, 172.
C.J.S. States §§ 322 to 323, 372.

§ 22C–2–5. Collection of money due to the fund

In order to ensure the timely payment of all sums due and owing to the fund under a revolving fund loan agreement between the state and a local entity, and notwithstanding any provisions of this code to the contrary, the authority has and may, at its option, exercise the following rights and remedies in the event of any default by a local entity under a loan agreement:

(a) The authority may directly impose, in its own name and for its own benefit, service charges upon all users of a project funded by a loan distributed to a local entity pursuant to this article, and may proceed directly to enforce and collect the service charges, together with all necessary costs of the enforcement and collection.

(b) The authority may exercise, in its own name or in the name of and as the agent for a particular local entity, all of the rights, powers and remedies of the local entity with respect to the project or which may be conferred upon the local entity by statute, rule, regulation or judicial decision, including all rights and remedies with respect to users of the project funded by the loan distributed to that local entity pursuant to this article.

(c) The authority may, by civil action, mandamus or other judicial or administrative proceeding, compel performance by a local entity of all of the terms and conditions of the loan agreement between the state and that local entity including:

(1) The adjustment of service charges as required to repay the loan or otherwise satisfy the terms of the loan agreement;

(2) The enforcement and collection of service charges; and

(3) The enforcement by the local entity of all rights and remedies conferred by statute, rule, regulation or judicial decision.

The rights and remedies enumerated in this section are in addition to rights and remedies conferred upon the authority by law or pursuant to the loan agreement.

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

Library References

Environmental Law ⇐221.
Westlaw Topic No. 149E.

C.J.S. Health and Environment §§ 130, 150, 172.

§ 22C–2–6. State construction grants program established; special fund

(a) The director of the division of environmental protection shall promulgate rules in accordance with the provisions of chapter twenty-nine-a of this code to establish a state construction grants program that is designed to complement and supplement the state water pollution control revolving fund program established pursuant to subsection (b), section three of this article.

(b) The special fund designated "The West Virginia Construction Grants Fund" established in the state treasury is continued. The special fund shall be comprised of moneys appropriated to said fund by the Legislature, assessments on existing wastewater treatment facilities, and all other sums designated for deposit to the special fund from any source, public or private: Provided, That such assessments shall be made and collected in accordance with fee schedules to be established by legislative rules promulgated by the director of the division of environmental protection, in accordance with chapter twenty-nine-a of this code. Moneys in the special fund shall be used solely for the state construction grants program established under subsection (a) of this section: Provided, however, That moneys in the special fund may be utilized to defray the costs incurred by the division of environmental protection in administering the provisions of this section.

Acts 1994, c. 61.

Administrative Code References

Construction grants program rules, see W. Va. Code St. R. § 47–33–1 et seq.

Library References

Environmental Law ⇐180, 217.
States ⇐127.
Westlaw Topic Nos. 149E, 360.

C.J.S. Health and Environment §§ 130, 133, 172.
C.J.S. States §§ 386 to 387.

§ 22C–2–7. Environmental review of funded projects

(a) The division of environmental protection shall conduct an environmental review on each project funded under this article. The director of the division of environmental protection shall promulgate legislative rules in accordance with the provisions of article three, chapter twenty-nine-a of this code to implement the environmental review of funded projects: Provided, That the rules shall be

consistent with the regulations promulgated by the United States environmental protection agency pursuant to the federal clean water act, as amended.

(b) The director of the division of environmental protection is authorized to direct a local entity, or its agent, to implement all measures that, in the judgment of the director, are necessary in order to mitigate or prevent adverse impacts to the public health, safety or welfare or to the environment that may result from a project funded under this article. The director is further authorized to require all projects to comply with all other appropriate federal laws and regulations that are required of the projects under the federal clean water act, as amended.

Acts 1994, c. 61; Acts 1996, c. 257, eff. 90 days after March 8, 1996.

Library References

Environmental Law ⇐179, 180, 574, 595(3).
Westlaw Topic No. 149E.

C.J.S. Health and Environment §§ 105 to 106, 111, 113 to 114, 116, 125, 172.

§ 22C–2–8. Conflicting provisions

The provisions of this article shall be liberally construed to the end that its beneficial purposes may be effectuated. Insofar as the provisions of this article are inconsistent with the provisions of any other general, special or local law, the provisions of this article are controlling.

Acts 1994, c. 61.

Library References

Environmental Law ⇐167, 170, 575.
Westlaw Topic No. 149E.

C.J.S. Health and Environment §§ 106, 111, 172.

West's

Annotated Code of West Virginia

Using the Classification and Numbering System of the 1931 Code of West Virginia, as Amended

Chapters 22B to 23

2007
Cumulative Annual Pocket Part

Replacing 2006 Pocket Part supplementing 2006 Main Volume

Includes laws through the 2007 First Extraordinary Session

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ANNOTATED CODE OF WEST VIRGINIA

CHAPTER 22B

ENVIRONMENTAL BOARDS

ARTICLE 3

ENVIRONMENTAL QUALITY BOARD

§ 22B–3–1. Environmental quality board; composition and organization; appointment, qualifications, terms, vacancies

Administrative Code References

Environmental Quality Board procedural rules,
see W. Va. Code St. R. § 46–4–1 et seq.

CHAPTER 22C

ENVIRONMENTAL RESOURCES; BOARDS, AUTHORITIES, COMMISSIONS AND COMPACTS

Article — Section
2. WATER POLLUTION CONTROL REVOLVING FUND ACT..... 22C–2–1
4. COUNTY AND REGIONAL SOLID WASTE AUTHORITIES..... 22C–4–10
7. ENVIRONMENTAL RESOURCES..... 22C–7–2

ARTICLE 2

WATER POLLUTION CONTROL REVOLVING FUND ACT

Section
22C–2–1. Definitions.
22C–2–5. Collection of money due to the fund.

§ 22C–2–1. Definitions

Unless the context in which used clearly requires a different meaning, as used in this article:

(a) "Authority" means the Water Development Authority provided for in section four, article one of this chapter.

(b) "Cost" as applied to any project financed under the provisions of this article means the total of all costs incurred by a local entity that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project including:

(1) Developmental, planning and feasibility studies, surveys, plans and specifications;

(2) Architectural, engineering, financial, legal or other special services;

(c) The Public Service Commission, in consultation and collaboration with the Division of Human Services, shall prepare and submit, no later than the first day of October, one thousand nine hundred ninety-two, a report concerning the feasibility of reducing solid waste collection fees to individuals who directly pay such fees and who receive public assistance from state or federal government agencies and are therefore limited in their ability to afford to pay for solid waste disposal. This report shall consider the individual's health and income, maintenance and other relevant matters. This report shall also include recommended procedures for individuals or households to qualify for and avail themselves of a reduction in fees. This report shall be submitted to the Governor, the President of the Senate and the Speaker of the House of Delegates.

Acts 1994, c. 61; Acts 2007, c. 216, eff. March 10, 2007.

ARTICLE 7

ENVIRONMENTAL RESOURCES

Section

22C–7–2. Oil and gas inspectors; eligibility for appointment; qualifications; salary; expenses; removal.

§ 22C–7–2. Oil and gas inspectors; eligibility for appointment; qualifications; salary; expenses; removal

(a) No person is eligible for appointment as an oil and gas inspector or supervising inspector unless, at the time of his or her probationary appointment, the person: (1) Is a citizen of West Virginia, in good health and of good character, reputation and temperate habits; (2) has had at least six years' actual relevant experience in the oil and gas industry: *Provided,* That not exceeding three years of the experience shall be satisfied by any combination of: (i) A bachelor of science degree in science or engineering which shall be considered the equivalent of three years' actual relevant experience in the oil and gas industry; (ii) an associate degree in petroleum technology which shall be considered the equivalent of two years actual relevant experience in the oil and gas industry; and (iii) actual relevant environmental experience including, without limitation, experience in wastewater, solid waste or reclamation each full year of which shall be considered as a year of actual relevant experience in the oil and gas industry; and (3) has good theoretical and practical knowledge of oil and gas drilling and production methods, practices and techniques, sound safety practices and applicable mining laws.

(b) In order to qualify for appointment as an oil and gas inspector or supervising inspector, an eligible applicant shall submit to a written and oral examination by the Oil and Gas Inspectors' Examining Board and shall furnish any evidence of good health, character and other facts establishing eligibility required by the board. If the board finds after investigation and examination that an applicant: (1) Is eligible for appointment; and (2) has passed all written and oral examinations, the board shall add the applicant's name and grade to the register of qualified eligible candidates and certify its action to the director of the Division of Environmental Protection. No candidate's name may remain on the register for more than three years without requalifying.

(c) Within the limits provided by law, the salary of each inspector and of the supervising inspector shall be fixed by the director and the Oil and Gas Inspectors' Examining Board may make recommendations for salary determinations. In fixing salaries of the oil and gas inspectors and of the supervising inspector, the director shall consider ability, performance of duty and experience. Inspectors and supervising inspectors are entitled to mileage expense reimbursement at the rate established for in-state travel of public employees, in the Governor's travel rules, as administered by the Department of Administration. No reimbursement for traveling expenses may be made except upon an itemized account of the expenses submitted by the inspector or supervising inspector, as the case may be, who shall verify, upon oath, that the expenses were actually incurred in the discharge of official duties.

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 22, 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. Duties of the auditor.
30. Duties of city attorney.
31. Duties of police judge.
32-33. Ordinances: general provisions.
34. Enfranchisements.
35-39. Estimate of expenses and levy.
40-42. Taxes: how collected.
43. Money: how appropriated.
44-46. Sewers, paving and curbing.
47-50. Sewers.
51. Bonded indebtedness.
52. Liability for city tax, etc.
53-54. Health.
55. Police department.
56. Fire department.
57. Present officers, how long to continue in office.
58. 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 as follows: Beginning at the original corporation line at a stake near Mill Creek, thence north with the said original line seventeen degrees thirty minutes east six hundred and ninety feet; north twelve degrees fifteen minutes east one hundred and thirty feet; north thirty-three degrees fifteen minutes east four hundred and twenty-eight feet; north eleven degrees fifty-five minutes east four hundred and forty feet; north twenty-nine degrees east six hundred and forty-one feet to a stake on the north side of Dun Loop creek near the bottling works; thence, leaving the original corporation lines north thirty-eight degrees east two hundred feet to a stake in the line of Glen Jean corporation; thence with same north twenty-six degrees west two thousand and seventy feet; thence leaving said Glen Jean corporation and through the Sugar creek lease south sixty-four degrees west five thousand three hundred and eighty feet to a stake in the original line, a corner to the McKell heirs; thence with the original lines south twenty-eight degrees east one thousand nine hundred and ninety-seven feet; south eighty-three degrees east two hundred and ten feet; south thirty-three degrees twenty minutes east one thousand six hundred and forty-three feet; north fifty-seven degrees east two thousand four hundred and thirty-five feet; south seventy-one degrees forty-five minutes east two hundred and seventy-two feet; north fifty-four degrees east crossing Mill Creek three hundred and seventy-eight feet to the beginning.

ARTICLE III.

Municipal Authorities.

Sec. 3. The municipal authorities of the city of Mount Hope shall be the mayor, clerk and five councilmen, who shall constitute 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 hereinafter 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 ures, 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 other powers conferred upon said city, expressly or by implication in this and other acts of the legislature, the municipal authorities of said city shall have power in the manner heretofore prescribed to adopt and enforce all needful orders, by-laws and ordinances not contrary to the laws and constitution of this state, and to prescribe, impose and enforce reasonable fines and penalties, including imprisonment.

Article VI.

Qualification of Voters.

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

Article VII.

Elections.

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

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

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

ARTICLE VIII.

Election of Officers.

Sec. 12. On the second Tuesday in May one thousand nine hundred and twenty-two, and on the same day every two 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 two years and until his successor is elected and qualified.

Sec. 13. No person shall be eligible to the office of mayor except he be assessed with and own at least five hundred dollars worth of real or personal property, 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, one thousand nine hundred and twenty-two there shall be elected by the qualified voters of the city five councilmen, to hold office from the first day of June one thousand nine hundred and twenty-two until the first day of June, one thousand nine hundred and twenty-four 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, one thousand nine hundred and twenty-two, and every two years thereafter, there shall be elected a clerk by the qualified voters of the city, to hold office for the term of two years, and so on every two years thereafter. The officers of the city elected under the old charter and at the election held in the year one thousand nine hundred and twenty-one shall hold over until their successors are elected and qualified.

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Sec. 15. No person shall be eligible to the office of councilman or clerk except he be assessed with and own at least five hundred dollars worth of real or personal property, and be a citizen entitled 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 the duties of said office, shall take and subscribe an oath or affirmation that he possesses the qualifications prescribed by this act to hold such office, and is not subject to any of the disqualifications prescribed therein, and that he will support the constitution of the United States and the constitution of this state, and honestly discharge the duties of his office to the best of his skill and judgment which oath shall be written out and signed and filed and preserved among the records and books of the city.

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

ARTICLE X.

Vacancies Occurring.

Sec. 18. If a vacancy should occur in the office of mayor, the council shall, as soon as practicable, fill the vacancy by the appointment of some qualified person. If any vacancy occurs in any other office, whether elective or appointive, the council shall fill the same by the appointment of some qualified person subject to all regulations as required for the original appointment of election.

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

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

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

ARTICLE XI.

Officers May Perform Other Duties.

Sec. 21. Any member of the council, the mayor, clerk, treasurer, or any other elective or appointive officer shall, during the time for which he was elected or appointed, be eligible for appointment to any office under the city government; *provided*, such employment is authorized by the council, by resolution for such appointment; but in no case shall the time of service be for a 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, which shall, at all times, be open to the inspection of the taxpayers of the city, and be a public record, and the ayes and noes of the members shall be taken on any question, at the request of any 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 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

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Article XIV.

Quorum.

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

Article XV.

Salaries.

Sec. 25. The mayor, clerk, regular and other officers, employees and appointees, shall receive for their official services such salaries as the council shall, from time to time, by ordinance fix and establish; but the salaries of such officers shall not be increased or diminished during the term for which such officers were elected or appointed; *provided*, that the salaries of all officers elected or appointed for any term shall be fixed not later than thirty days preceding any election.

Article XVI.

Appointive Officers.

Sec. 26. The council shall by a majority vote of its members 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 and shall preside at all meetings of the council and shall have a vote in case of tie; he shall have charge and control of the police except as herein otherwise provided; he shall see that the laws and ordinances of the city are enforced; that the peace and good order of the city are preserved and that persons and property therein are protected, and to this end he may cause the arrest and detention of riotous and disorderly persons, and shall perform such other duties and services as the council may ordain in addition to the 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

and correct copy thereof, and to deliver the same to the council and to assist the council in preparing the annual estimate of expenses to be certified to the council as a basis for the annual levy. After such levy is made in each year, it shall be the duty of the auditor to extend said levy upon said real estate and personal property books for said city and to prepare proper tax tickets therefrom against all owners of real estate and personal property subject to taxation in said city. He shall turn the said tax bills over to the treasurer or sergeant, who shall collect said taxes when due and payable, and the treasurer shall certify to the payment of same as made. In addition to the above duties of the auditor, he shall perform 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 majority vote of its members, who shall be the legal adviser of the city and all its officers in all matters arising and in which legal proceedings may be taken; he shall prosecute all the suits, actions and proceedings instituted on behalf of said city and shall defend all suits and actions against said city, and when requested to do so in writing, shall give his written opinion to the mayor, council or any committee thereof upon such questions as may be referred to him affecting the city's interest; he shall perform such other duties as may be requested, and for such services shall receive such compensation as may be agreed on between him and the city council.

Article XXI.

Duties of Police Judge.

Sec. 32. The mayor or police judge shall be *ex-officio* a justice and conservator of the peace within the city and he shall, within the same, have, possess and exercise all the powers and perform all the duties vested by law in a justice of the peace, except that he shall have no jurisdiction in civil causes of action arising out of the corporate limits of the city. He shall have the same power to issue attachments in civil actions as a justice of his county has, though the cause of action arose out of the city limits, but in such case he shall have no power to try the same but must have such attachment 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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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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Sec. 38. Whenever anything, for which a state license is required, is to be done within said city, the municipal authorities, as herein provided, may require a city license to be had for doing the same, and may, in any case, require from any person licensed a bond with sureties, and in such penalty and with such conditions as it may deem proper, and the council may on notice revoke such license at any time, if the conditions of said bond be broken, or for good cause.

The municipal authorities may impose a license and assess a tax thereon on all wheeled vehicles for public hire, all dogs kept within the corporate limits, all insurance, bonding, casualty and guarantee companies, auctioneers, book agents, bowling alleys, billiard saloons, bagatel saloons, bond, note and loan associations, building and loan associations, capitation taxes, commission merchants, common carriers, circuses, menageries, theatres, drays, cabs, hacks, etc., eating houses, express companies, hitting and striking machines, hobby horses, junk dealers, real estate agents, insurance agents, livery and feed stables, omnibuses, peddlers, pawn brokers, stock brokers, slot machines, social clubs, street venders, tobacco, snuff, cigars, etc., theatrical shows, transient merchants telegraph and telephone companies, electric light companies, gas companies, water companies, and other business, property profession or occupation; bicycles, automobiles, butchers and venders of meats, vegetables and other things sold on the streets of the city. The municipal authorities may prescribe, impose and enforce reasonable fines and imprisonment, under the order of the police judge of said city, or the person lawfully exercising his function, upon any person carrying or attempting to carry on any business for which the said license is required, without first obtaining a city license therefor, and paying the city license tax assessed thereon. All licenses provided for in this section shall be paid to the sergeant or treasurer. For the purposes of enforcing the provisions of this section the city shall have police jurisdiction for two miles beyond the corporate limits thereof.

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

taxes. He shall make out proper tax tickets in the following manner, that is to say: there shall be a single ticket for the whole amount charged to any person, firm or corporation, and after the tickets have been examined and compared and found to be correct by the council, they shall be turned over to the sergeant or treasurer by the first day of October following the levy. The sergeant or treasurer shall receipt for the gross amount, said receipt to be returned and entered upon the records and the sergeant charged therewith. The sergeant shall then give notice by publication in a newspaper of general circulation in the city or posting for at least ten days, stating that the tax tickets are in his hands for collection, the penalty for the non-payment thereof, and the time and place where the same may be paid; *provided, however*, that a tax payer shall have the right to anticipate the payment of the whole or any part of the taxes as assessed. Immediately upon the payment of said taxes or any part thereof, the said amount shall be deposited by the sergeant or treasurer in one of the city depositories to the credit of the "City of Mount Hope," and the sum so deposited shall be reported to the council at its first meeting after deposit is made. All taxes shall be due and payable within thirty days after the expiration of the notice posted and published by the sergeant as hereinbefore set forth, and in case the same are not paid within said time, he may distrain and sell therefor, in like manner as the officer collecting the state taxes may distrain therefor, and he shall have in all other respects the same power to enforce the payment and collection thereof. On all tickets remaining uncollected in the hands of the sergeant fifty days after the date of the expiration of the notice posted or published by him a penalty of five per cent, shall be added and collectable, together with six per cent interest until paid.

The council may by ordinance allow a discount for prompt payment of taxes. The sergeant shall have the power to collect said taxes so placed in his hands together with the penalty and interest thereon, heretofore provided to be added thereto. The sergeant shall be charged with the gross amount of said tax tickets so delivered to him for collection, and no deductions therefrom shall be allowed unless on or before the first day of July of each year he makes out and returns to the council a delinquent list of taxes uncollected for the year previous with his oath attached thereto, stating 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 petition 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

certified by the state auditor and sold for taxes, interest and penalties and commissions thereon in the same manner, at the same time, and by the same officer as real estate sold for taxes, interest, damages, costs and commissions due the state thereon, which officer shall account therefor on settlement with the council and pay the same over to the treasurer.

ARTICLE XXVI.

Money—How Appropriated.

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

ARTICLE XXVII.

Sewers, Paving and Curbing.

Sec. 45. The council shall have the power to establish the width of any sidewalk along any street, alley or public square or portion thereof, and any owner of ground fronting on such street, alley or public square shall, in such manner as the council shall reasonably prescribe, pave and curb the sidewalk adjacent to such property. In case of a failure or refusal of the owner to pave or curb the same, the council may cause the same to be properly curbed and paved by the city, and levy and collect from such owner the whole cost of such curbing and paving adjacent to such property, with a penalty of five per centum added thereto, together with six per centum interest until paid; and in like manner to require the owner of any property adjacent to any paved sidewalk heretofore or hereafter constructed, to keep the same in repair, and in default of doing so to cause the same to be repaired, and levy and collect the cost from said owner or owners with a penalty of five per centum added thereto together with six per centum interest per annum until paid. In all cases of such assessment, whether for the original or for the repairing of sidewalks, payment thereof, including penalties and interest, shall be

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

Sec. 46. Whenever the council may deem it expedient to cause any street or alley in said city, or portion thereof, to be paved in 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 following manner and upon the following terms: The contract for such paving shall, after due advertising, in which the council shall reserve the right to reject any and all bids, be let, if let, to the lowest responsible bidder. The contractor shall look only to the city for the payment for the work and in no sense to the abutting land owner. The total cost of grading and paving any such street or alley (except when the streets are occupied by street car tracks, for the distance between the rails and for two additional feet outside of each rail, which portion shall be borne and paid by the company owning and operating such railway and track) shall be borne by the owners of the land abutting upon said street, alley or portion thereof, subject to the following plans, that is to say: payment is to be made by all the land owners on either side of such portion of a street or block so paved, in such portion of the total cost, less the portion, if any, chargeable to such street railway company, as the frontage in feet of his land bears to the total frontage of all lands so abutting on such street, alley or portion thereof so paved as aforesaid. The cost of such paving chargeable to the abutting property is not to include any portion of the amount paid for paving of any squares at intersections of streets, which shall in all cases be borne and paid by the city. When the paving of any street or alley or portion thereof shall have been let to contract and the work done as hereinbefore provided, it shall be the duty of the city engineer to cause the several frontages abutting thereon to be measured, to calculate the assessment upon each and every land owner so abutting, and to certify the same to the council showing the proper amount to be determined as provided in the foregoing plan. It shall be the duty of the council

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to examine and compare such assessments, amounts and names so certified to it. Thereupon, the council shall give notice by publication for two successive weeks in some newspaper of general circulation published in said city that an assessment, under this act, is about to be laid against abutting property for paving done on said streets or alleys, describing the location of such paving. Any owner or owners of abutting property shall have the right to appear before the said council within three weeks from the first publication thereof and move such council to correct any apportionment or assessment improperly made; which corrections the said council shall have the power to make. If found to be correct, or when rectified, the council shall cause the same to be entered, together with the description as to the location, frontage, depth and ownership of the land, so far as the same may be ascertained, upon its records, and to enter in its record that such owners and lots be assessed and chargeable with the amount so ascertained to be borne by them respectively. When so approved, certified and entered of record, the same shall be and constitute an assessment against said owners and lots for such respective amounts. It shall be the duty of the council to immediately certify such assessment to the sergeant for collection as hereinbefore provided. A copy of such order shall be certified by order to the clerk of the county court of Fayette county, who shall be required to record and index the same in the proper deed book in the name of each person against whose property assessments appear therein. The amount so assessed against any land owner, as aforesaid, shall be paid in seven payments, as follows, that is to say: one-fourth of said amount shall be paid to the sergeant when said work is completed, certified and entered of record as aforesaid, and the other three-fourths shall be paid in equal semi-annual payments with six per cent interest thereon until paid, the first of which shall be due and payable six months from date first payment is due, and so on, every six months until the full amount of assessment, with penalties and interest is paid, the purpose being to require the payment regularly until the entire amount is paid. *Provided, however,* that the abutting land owner so liable for any costs of such paving shall have the right at any time after the same is certified as aforesaid to the sergeant for correction, to anticipate the payment of either installment. To each of said installments of assessments remaining unpaid 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 respectively, 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

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

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

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

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

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Article XXIX.

Bonded Indebtedness.

Sec. 51. The council of said city upon the written petition signed by the voters, citizens or corporations owning a majority of the total property, both real and personal in said city as shown by the assessed valuation thereof shall have the right to bond the said city for the purpose of paving the streets and alleys of said city and for constructing water works or repairing the same, and for constructing a sewerage system, or repairing the same, and for the purpose of providing hose and other appliances for extinguishing fires, and for any and all public improvements whenever the council thereof shall deem such improvements necessary, and to refund outstanding bonds at a lower rate of interest, and to issue new bonds for the purpose of increasing the length of time on any such indebtedness; but the aggregate indebtedness of said city shall for all purposes not exceed five per centum on the assessed valuation of the taxable property therein, based on the valuation of the last assessment next preceding the date of the incurring of such indebtedness; and the said council shall by taxation provide a fund for the payment of the interest and any and all indebtedness incurred in the manner aforesaid within the period of thirty-four years. Such bonds shall not be sold for less than par nor exchanged for the evidence of indebtedness of said city except dollar for dollar. A record of all the proceedings had hereunder shall be kept by the council.

Article XXX.

Buildings for City Use, etc.

Sec. 52. The council shall have the authority to erect, buy, sell and lease all buildings necessary to the use of the city government, or any of its departments, and to provide for and regulate the same; to establish and maintain public hospitals and receive 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 enforce such regulations within said city as shall be necessary or

proper to preserve the health of the inhabitants of said city and to secure them from disease; to require and compel the abatement of and removal of all nuisances within said city at the expense of the person or persons causing the same, or of the owner or owners of the ground whereon the same shall be; to prevent or regulate slaughter houses within the said city; or the exercise of any unhealthy or offensive business, trade or employment therein; to prevent the keeping of any stale meats, fish, vegetables, or other matter, or depositing the same, or dirt, rubbish or offal, upon any lot, street, alley or square within said city or upon the banks of any streams within the limits thereof.

Sec. 54. The council shall have the power by ordinance to regulate the sale of cocaine, morphine, opium and poisonous drugs within said city, and to prescribe punishment including fine and imprisonment, for the violation of any such ordinance, and to provide that one or more convictions for violations of the same shall operate as a revocation of the license of any druggist or pharmacist holding a license under said city.

Sec. 55. The council shall, in the month of June, one thousand nine hundred and twenty-one, and in said month of every year thereafter, appoint a suitable person, who shall be a practicing physician, as health commissioner, whose term of office shall be for one year and until his successor is appointed and qualified. The members of the council, mayor and health commissioner shall comprise the board of health of said city. The board of health shall have the power to abate all nuisances within said city, and it shall do and perform all such other duties and exercise such other powers as may be required of or conferred upon them by legal ordinances of said city. The council of said city shall provide by ordinances the way and method of trying and abating such nuisances, and shall prescribe all penalties that may be proper and necessary for such purpose. The board of health shall have the power to summon witnesses, hear testimony and to do any and all other things necessary and proper in the performance of such duties under this act and under the general laws of the state, in such cases made and provided.

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ARTICLE XXXII.

Police Department.

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

ARTICLE XXXIII.

Fire Department.

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

ARTICLE XXXIV.

Sec. 58. All officers of the city of Mount Hope heretofore elected by vote of the people shall remain in and hold their offices and discharge the duties thereof until the first day of June one thousand nine hundred and twenty-two and thereafter until their successors have been elected and qualified.

All valid ordinances and regulations passed and adopted by the council on or before the fifteenth day of January, one thousand nine hundred and twenty-one, and consistent with this act, 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, CLERK
BY: Gregory Gray
Assistant Clerk

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 D.H.R.

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

Frank W. Berglund, JR.

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

City of Mount Hope

MOUNT HOPE, WEST VIRGINIA 25880
PHONE: 877-2211

June 8, 2004

MAYOR, CITY COUNCIL AND CITY RECORDER'S OATH OF OFFICE

We, Michael Martin, Mayor; Norville Ellison, Counsel; Jack Sears, Council; Edith Bailey, Council; Mal Parker, Council; Steve Brown, Council; and Kathleen Scott, Recorder, having been duly elected to the offices named above for the City of Mount Hope, on May 11, 2004, 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 judgment. So help me God.

In witness thereof, we have hereunto set our hands this the 8th day of June, 2004.

Mayor, Michael Martin

Council, Norville Ellison

Council, Jack Sears

Council, Edith Bailey

Council, Mal Parker

Council, Steve Brown

Recorder, Kathleen Scott

Witness

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

Be it Resolved and Ordered by the Council of The City of Mt. Hope, Fayette County, West Virginia:

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

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

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

(B) The Council of The City of Mt. Hope (the "Council"), Fayette County, West Virginia (the "City"), is the governing body of the City within the meaning of the Act.

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

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

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this Resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Council, where notices customarily are posted, a notice setting forth the date, time and place of the Council's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Recorder not less than 72 hours before such regular meeting is to be held.

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

News Media	Address
The Fayette Tribune	417 Main St. Oak Hill, WV 25901
Beckley Registered Herald	P.O. Box 2398 Beckley, WV 25802
WAXS-FM	306 South Kanawha St. Beckley, WV 25801

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

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

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

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

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

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

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

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

(1) The date, time and place of the meeting;
(2) The name of each Council member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Council member, the vote of each Council member, by name.

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

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

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

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

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

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

Adopted this 12 day of June, 2007.

Mayor

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of THE CITY OF MT. HOPE on the 12 day of June, 2007.

Dated this 13 day of November 2007.

[SEAL]

Kathleen Scott
Recorder

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
11/7/2007
Per Commission
Order Waiving the
Exception Period

Entered: November 1, 2007

CASE NO. 06-0826-S-CN (Reopened)

CITY OF MOUNT HOPE
Application for a certificate of convenience and necessity to construct improvements to sewer system.

RECOMMENDED DECISION

On June 23, 2006, the City of Mount Hope (City) filed an application, duly verified, for a certificate to construct certain improvements to its sewer system, including 4,505 linear feet of 6-inch SDR-35 PVC, 25,642 linear feet of 8-inch SDR-35 PVC, 153 service connections and 88 4-foot (diameter) manholes for the collection line portion of the project. The treatment plant is to be upgraded through the installation of a belt press and the modification of the aerobic digester. The project will serve approximately 150 new customers in the Kilsyth and Price Hill communities of Mount Hope, Fayette County.

By Recommended Decision dated November 1, 2006 (final November 21, 2006), the Commission approved the application filed on June 23, 2006, by the City of Mount Hope, for a certificate of public convenience and necessity to construct certain improvements to its sewer system. The Commission also approved the proposed financing, comprised of a $1,500,000 Small Cities Block Grant; a 30-year $250,000 State Revolving Fund Loan at 0% interest and a 0.5% administrative fee; a $1,067,000 ACOE Section 340 Grant; a $700,000 ARC Grant; and a $325,000 WVDEP Stream Grant.

On July 9, 2007, the City filed a petition to reopen the certificate proceeding. The City represented that bids were higher than estimated and the City needed an additional $396,600 to be able to complete the project after reducing the scope of the plant upgrade. The City further represented that the necessary funding had been committed to the project by the State Revolving Fund program through an additional 30-year loan of $396,600 at 0% interest and a 0.5% administrative fee. An ordinance to increase sewer rates had been introduced.

On August 13, 2007, Staff Attorney Ronald E. Robertson filed the Initial Joint Staff Memorandum to which was attached the July 31, 2007 Initial Internal Memorandum prepared by Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division, Carolyn S. Stephenson, Utility Analyst I, Water and Wastewater Division, and James C. Weimer, P.E., Engineer II, Engineering Division. Technical Staff indicated that it could not make a final recommendation for the case until the Legal Division submitted its recommendation concerning the ordinance. Technical Staff also requested that the City submit a cash flow analysis

that is based solely on the sewer operations. Legal Staff indicated that a final recommendation would be filed once the City filed a cash flow analysis for sewer operations only and also filed the project's certified bid tabulations.

By Commission Order dated August 29, 2007, the proceeding was reopened and referred to the Division of Administrative Law Judges for expedited processing. The Division of Administrative Law Judges was directed to render its decision in the matter on or before September 28, 2007.

By Procedural Order dated August 30, 2007, Staff was required to file a Final Joint Staff Memorandum on or before Friday, September 7, 2007.

On August 31, 2007, the District filed a document, "Forecast of Operations and Proposed Rate Increase-Water and Sewer Fund, For the Year Ended June 30, 2007," to satisfy Staff's request for a cash flow analysis for sewer operations only.

On August 31, 2007, the District filed the certified bid results for the Mount Hope/Kilsyth Wastewater Treatment Project.

On September 7, 2007, Staff Attorney Robertson filed a Final Joint Staff Memorandum to which was attached the September 7, 2007 Final Internal Memorandum prepared by Ms. Buckley, Ms. Stephenson and Mr. Weimer. Staff reported that the City's current and proposed rates were insufficient to cover the debt related to the project. The City operates at a deficit at per books. Staff recommended that the City take steps to enact another rate ordinance. Due to insufficient rates, Staff recommended that the petition to reopen be denied and the case be dismissed. Staff also recommended that the City obtain assurances from its bond counsel that the representation by bond counsel of both the City and the West Virginia Clean Water SRF Loan program presents no conflict of interest.

On September 13, 2007, the City requested that the decision due date for the Division of Administrative Law Judges be extended until November 15, 2007.

By Commission Order dated September 14, 2007, as corrected, the Commission extended the decision due date for the Division of Administrative Law Judges until November 15, 2007.

By Procedural Order dated September 17, 2007, Staff was required to file its further final recommendations in the matter on or before October 26, 2007.

On October 17, 2007, the City filed a cash flow statement for its sewer operations.

On October 19, 2007, Staff Attorney Robertson filed the Further Final Joint Staff Memorandum to which was attached the Second Further Final Internal Memorandum prepared by Ms. Buckley, Ms. Stephenson and Mr. Weimer. Technical Staff reported that no timely protests had been filed with the Commission regarding the City's new ordinance to increase rates

to cover the additional $396,000 loan from the Clean Water State Revolving Fund. The increased rates are to become effective November 2, 2007. With this ordinance, the City's cash flow surplus for sewer operations will be $733 and debt service coverage will be 117.6%. The most recent ordinance has resulted in rates increasing from $14.50 to $16.02 per month, or an increase of approximately 14% since the time the City filed the certificate case. Engineering Staff recommended a reduction in operation and maintenance costs from $45,000 to $40,000 since no new employees will be added. Staff also recommended that the City be required to file with the Commission, within one (1) year after project completion, a report of the actual operation and maintenance cost increase resulting from the project.

Staff, in recommending that the City's petition be granted, made the following two (2) recommendations: (1) approval of the 30-year Clean Water State Revolving Fund loan in the amount of $396,600 at 0% interest with a 0.5% administrative fee; and (2) the City be required to file, within one (1) year after the project is completed, a report regarding the actual operation and maintenance costs associated with the new project.

By letter from the Commission's Executive Secretary dated October 19, 2007, the City was given ten (10) days to respond in writing to Staff's recommendations. The District was cautioned that failure to respond in writing to Staff's recommendations may result in a decision in the case based upon the original filing and the other documents in the case file, without further hearing or notice.

As of the date of this Recommended Decision, the City has not filed a written response to Staff's further final recommendations.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion and finds that, since Staff has reviewed the District's request and recommended approval thereof, and the District has not filed a timely written response, the Staff recommendations should be approved.

FINDINGS OF FACT

1. On November 1, 2006, a Recommended Decision was entered that approved the application filed on June 23, 2006, by the City of Mount Hope, for a certificate of public convenience and necessity to construct certain improvements to its sewer system. The Commission also approved the proposed financing, comprised of a $1,500,000 Small Cities Block Grant; a 30-year $250,000 State Revolving Fund Loan at 0% interest and a 0.5% administrative fee; a $1,067,000 ACOE Section 340 Grant; a $700,000 ARC Grant; and a $325,000 WVDEP Stream Grant. (See, Recommended Decision entered November 1, 2006, final November 21, 2006).

2. On July 9, 2007, the City filed a petition to reopen the certificate proceeding. The City represented that bids were higher than estimated and the City needed an additional $396,600 to be able to complete the project after reducing the scope of the plant upgrade. The State Revolving Fund program had committed to the project an additional loan of $396,600 at 0% interest and a 0.5% administrative fee for a term

of thirty (30) years. An ordinance to increase sewer rates had been introduced. (See, filing dated July 9, 2007).

3. Staff recommended that the City's petition to reopen be granted and the additional 30-year State Revolving Fund loan in the amount of $396,600, at 0% interest and an administrative fee of 0.5%, be approved. Staff also recommended that the City be required to file, within one (1) year after the project is completed, a report regarding the actual operation and maintenance costs associated with the new project. (See, Further Final Joint Staff Memorandum with attachment filed October 19, 2007).

4. By letter from the Commission's Executive Secretary dated October 19, 2007, the City was given ten (10) days to respond in writing to Staff's recommendations. The City was cautioned that failure to respond in writing to Staff's recommendations may result in a decision in the case based upon the original filing and the other documents in the case file, without further hearing or notice. (See, filing dated October 19, 2007).

5. The City has not filed a written response to Staff's further final recommendations. (See, case file generally).

CONCLUSION OF LAW

It is reasonable to approve the City of Mount Hope's petition to reopen the certificate proceeding for the purpose of obtaining approval of additional project financing, since the City's most recent rate ordinance will provide sufficient cash flow to fund the project.

ORDER

IT IS, THEREFORE, ORDERED that the City of Mount Hope's petition for approval of additional financing for the sewer upgrade project certificated in Case No. 06-0826-S-CN be, and hereby is, granted.

IT IS FURTHER ORDERED that the additional proposed financing comprised of a 30-year $396,600 State Revolving Fund Loan, at 0% interest and a 0.5% administrative fee, be, and hereby is, approved.

IT IS FURTHER ORDERED that the City of Mount Hope file, within one (1) year of the completion of the project, a report of the actual operation and maintenance cost increase resulting from the project.

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

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

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions

are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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

Deborah Yost VanDervort
Administrative Law Judge

DYV:s
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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 2nd day of November, 2007.

CASE NO. 06-0826-S-CN (Reopened)

CITY OF MOUNT HOPE
Application for a certificate of convenience and necessity
to construct improvements to sewer system.

COMMISSION ORDER
WAIVING EXCEPTION PERIOD

On November 1, 2007, Administrative Law Judge entered a Recommended Decision that, among other things, granted the City of Mount Hope's petition for approval of additional financing for the sewer upgrade project certificated in Case No. 06-0826-S-CN.

On November 2, 2007, Counsel for the City, filed a petition to waive the fifteen day period of time in which a party may file exceptions to the Recommended Decision in this proceeding.

The Commission Staff filed a letter waiving its right to file exceptions and respectfully requests a waiver in this case.

West Virginia Code §24-1-9 provides a time period of at least 20 days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c) , at least 15 days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional 5 days within which to stay or postpone the order.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter becomes final 5 days after the date of this order, absent further action by the Commission.

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

FOR THE COMMISSION:

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

11/21/2006

Entered: November 1, 2006

CASE NO. 06-0826-S-CN

CITY OF MOUNT HOPE
Application for a certificate of convenience and necessity to construct improvements to sewer system.

RECOMMENDED DECISION

On June 23, 2006, the City of Mount Hope (City) filed an application, duly verified, for a certificate to construct certain improvements to its sewer system including 4,505 linear feet of 6-inch SDR-35 PVC, 25,642 linear feet of 8-inch SDR-35 PVC, 153 service connections and 88 4-foot (diameter) manholes for the collection line portion of the project. The treatment plant is to be upgraded through the installation of a belt press and the modification of the aerobic digester. The project will serve approximately 150 new customers in the Kilsyth and Price Hill communities of Mount Hope, Fayette County.

The $3,621,875.00 project was proposed to be financed with a $1,575,000.00 ACOE Section Grant; a $325,000.00 WVDEP Stream Grant; a $1,500,000.00 HUD-Small Cities Block Grant; and $241,875.00 in SRF Funding.

On April 11, 2006, the City enacted an ordinance to increase sewer rates to become effective on and after May 26, 2006. The City represented that the increased rates and charges would produce approximately $68,400 annually in additional revenue, an increase of 15%.

By Notice of Filing Order entered on June 23, 2006, the City was ordered to give notice of the filing of the application by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Fayette County, making due return to the Commission of proper certification of publication immediately thereafter. The Notice provided that anyone desiring to protest or intervene should file a written protest or notice of intervention within thirty (30) days following the date of publication, unless otherwise modified by Commission Order. The Notice of Filing Order warned that failure to timely protest or intervene could affect one's right to protest aspects of the certificate case, including any associated rate increases, or to participate in future proceedings. The Notice went on to state that all protests or requests to intervene should briefly state the reason for the protest or intervention. Further, requests to intervene had to comply with the Commission's rules

on intervention set forth in the Commission's Rules of Practice and Procedure. Finally, the Order stated that, if no protests were received within the 30-day period, the Commission could waive formal hearing and grant the application based on the evidence submitted with the application and the Commission's review thereof.

On July 5, 2006, the City filed the Affidavit of Publication reflecting that the Notice of Filing had been published on June 29, 2006, in The Fayette Tribune.

By Commission Order dated July 12, 2006, the Commission referred the proceeding to the Division of Administrative Law Judges with a decision due date of November 6, 2006, if there had been no public protest to the application within thirty (30) days after the required notice had been provided.

On July 28, 2006, Staff Attorney Ronald E. Robertson, Jr. filed the Initial Joint Staff Memorandum to which was attached the July 24, 2006, Initial Internal Memorandum prepared by Karen L. Buckley, Utilities Analyst II, Water and Wastewater Division; C. S. Stephenson, Utility Analyst I, Water and Wastewater Division; and James C. Weimer, P.E., Staff Engineer, Engineering Division. Staff reported on the proposed improvements and upgrades to be made and the funding sources for the project. The City had passed an ordinance on April 11, 2006, which caused a 17% rate increase to go into effect on and after May 26, 2006. Staff indicated that it needed additional information before a final recommendation could be made. Mr. Robertson recommended that the case be referred to the Division of Administrative Law Judges.

On July 28, 2006, Staff filed its First Set of Interrogatories to the City.

On August 9, 2006, the United States Department of Agriculture filed a letter regarding the project.

On August 21, 2006, the City filed its response to Commission Staff's First Set of Interrogatories.

On September 6, 2006, Staff Attorney Robertson filed the Further Joint Staff Memorandum to which was attached the August 28, 2006 Second Initial Internal Memorandum prepared by Ms. Buckley, Mr. Stephenson and Mr. Weimer. Staff reported that, on August 3, 2006, Staff had attended an informational meeting at the City to review the status of the project. As a result of the meeting, the City's engineer agreed to conduct a current customer count to ensure there is a sufficient customer base to support the project funding. Staff also reported that the City agreed that it was likely that some parts of the project would be dropped in order to stay within the existing funding. The treatment plant upgrades were the most likely to be excluded. Staff indicated that, on August 21, 2006, a revised project cost summary estimated a funding shortfall of $721,338. Project deductive alternates would reduce the projected shortfall to $66,338. Staff requested that the City provide a complete listing of the names and addresses of all anticipated new project customers and a description of what additional steps would be taken

should the project bids exceed the funding after all deductive alternates had been removed.

On September 6, 2006, Commission Staff filed its Second Set of Interrogatories to the City.

On September 20, 2006, the following documents were filed: (a) the September 25, 2003 Project Cooperation Agreement Between the Department of the Army and the City of Mount Hope for Design of the Kilsyth Sewer Extension/Plant Upgrade Project; (b) the September 26, 2005 Project Cooperation Agreement Between the Department of the Army and the City of Mount Hope for Construction of the Kilsyth Sewer Extension/Plant Upgrade Project; (c) a letter dated September 20, 2006 from the Bank of Mount Hope; and (d) a copy of an email from the U. S. Army Corps of Engineers documenting funds committed to the project.

On September 22, 2006, Staff Attorney Robertson filed the Final Joint Staff Memorandum to which was attached the September 19, 2006 Final Internal Memorandum prepared by Ms. Buckley and Mr. Weimer. Mr. Robertson opined that the City did not have to comply with Rule 10.3.d. of the Commission's Rules of Practice and Procedure because the filing did not require a rate increase. Mr. Robertson recommended that the hearing be waived because there were no protests filed.

On September 25, 2006, the City filed its response to Commission Staff's Second Set of Interrogatories.

On September 25, 2006, the City filed a letter dated September 20, 2006, from the Bank of Mount Hope regarding unencumbered funds in the City's sewer account.

On September 28, 2006, Staff Attorney Robertson filed the Further Final Joint Staff Memorandum to which was attached the September 22, 2006 revised Further Final Internal Memorandum. The Legal Division's September 22, 2006 Final Joint Memorandum remained unchanged. The Further Final Memo, dated September 22, 2006, not the September 19, 2006 Final Internal Memorandum, was to be considered Staff's final position. Staff reported that the total funding for the project, $3,842,000, is to come from the following sources: a $1,500,000 Small Cities Block Grant; a $325,000 WVDEP Stream Restoration Grant; a $700,000 Appalachian Regional Commission Grant; a $1,067,000 Corps of Engineers 340 Program Grant (ACOE); and a $250,000 WVDEP SRF Loan (0%, 30 years, ½% Admin Fee). The total project cost of $4,563,338 consists of $1,760,842 for plant additions and $2,802,496 for line extensions. The City currently has 478 residential customers, 40 commercial customers and 3 industrial customers. The City proposed to extend service to 150 new customers in the Kilsyth and Price Hill communities of Mount Hope. A WVDEP consent order is currently in place for plant hydraulic overloading and excessive Inflow and Infiltration (I&I) during storm events. The proposed project is to address I&I as did a previous $1.5 million I&I reduction project. The project will install approximately 5.16 miles of various sizes of gravity line.

The total installed extension project cost per new customer, based on the proposed 150 new customers, is $18,683. Current funding still

proposed 100% grant funds based on the revised extension project cost of $2,802,496. However, Staff emphasized that the ACOE Project Cooperation Agreement (PCA) must be revised to allow funds allocated to plant improvements to be used for line work. The revised cost for the plant work is $1,760,842. Therefore, the total cost of $4,563,338 for both the plant and extension projects exceeds funding by $721,338.

The City's engineer proposed several deductive alternates. Although the digester modifications are a means to address the WVDEP's consent order against the City, the belt press and digester modifications do not appear possible if the estimates are correct. Staff opined that the amount of funding which could be provided by extending the SRF funds to a 40-year term, without affecting rates, would be insufficient for the digester. Additional grant funds would be needed. Staff indicated it would be prudent for the City to seek additional grant and/or loan funds from the WVDEP prior to project bidding. Staff noted that two (2) separate administrators and two (2) sets of legal and fiscal fees made the project more costly.

Staff indicated that the extension project is very acceptable when compared to the proposed 4,500 gallon tariff rate of $29.65 per month. However, average domestic usage, estimated at approximately 2,780 gallons per average month, produces an average bill of only $18.89. The 2005 Annual Report would produce an average domestic monthly bill of $20.62.

The customer density for the extension project is very acceptable at 29 customers per mile. Staff projected an O&M cost of $270,656 to reflect existing and proposed cost structures. Staff found the total engineering costs for both the plant project and the extension project, although somewhat high, to be reasonable. Staff also recommended that the City employ a completely independent project inspector rather than rely upon the engineer's inspector.

The project appears to be viable and will allow a significant existing health hazard of straight pipes on Dunloup Creek to be corrected. Staff opined that, despite the likelihood that the entire proposed project cannot be completed, sufficient portions of the project, which can be completed, would satisfy the need for sewer service in unserved areas and partially satisfy the WVDEP's consent order requirements. Staff concluded that the project, which does not adversely impact rates and provides improved treatment plant facilities, is convenient. The project, which improves the quality of water in the Dunloup Creek watershed and assists with the ongoing activities to comply with the requirements of the WVDEP consent order, is necessary.

Staff also reported that total project funding is $3,842,000 since the ACOE grant is $1,767,000, instead of $1,575,000. The annual debt requirements on the SRF loan will be $8,333 with an administrative fee of $643 and a 10% debt service reserve of $833. The SRF requires the City to establish and maintain a renewal and replacement reserve equal to $10,564. All funding letters have been filed. The total amount of annual expenses attributable to the project is approximately $55,724. Pursuant to the City's municipal rate ordinance, increased rates and charges went into effect on May 26, 2006, which will generate an additional $56,165 in annual operating revenues. These additional

revenues will be sufficient to cover the project-related expenses, debt service and reserve requirements. The pro forma surplus and debt coverage will be approximately $342 and 118.49%, respectively. Staff opined that the proposed project, with the adopted rates, is financially feasible and should be approved. Staff attached a Staff Recommended Tariff for the City to consider as a model for its next rate ordinance to bring the City's tariff language into compliance with the Commission's current Tariff Rules.

Staff recommended: Approval of the City's application for a certificate of convenience and necessity to expand its wastewater treatment system and add plant improvements at a cost of $3,842,000, to be funded with a $1,500,000 Small Cities Block Grant (SCBG), a 30-year $250,000 State Revolving Fund Loan at 0% interest and a ½% administrative fee, a $1,067,000 ACOE Section 340 Grant, a $700,000 ARC Grant and a $325,000 WVDEP Stream Grant; that, if there are changes in project costs which do not affect rates, the City file an affidavit signed by its CPA certifying that rates are not affected; that prior to bid opening, the City be required to provide a revised ACOE PCA which allows grant funds assigned to plant construction to be used for extension line work; that the City contact the WVDEP regarding additional funding to complete the digester work; that the City consider preparing a new rate ordinance at the required funding level in anticipation of the completion of the digester work; that the City provide a copy of the engineer's certified tabulation of bids for all project contracts; that the City be required to petition the Commission for approval if there are substantive changes in the project scope or in significant project design; that the City be required to notify the Commission when its engineer has performed the substantial completion inspection; and that the City pass an Ordinance to amend its tariff to include a surcharge for surface water from the roofs of residential homes.

By letter dated September 28, 2006, the Office of Executive Secretary served the Staff recommendation upon the City and cautioned the City that failure to respond to Staff's recommendations within ten (10) days may result in a decision in the case based on the original filing and the other documents in the case file, without a hearing or further notice.

By Procedural Order dated October 6, 2006, the City was given ten (10) days from the date of the Order in which to object to Staff's recommendations. The City was cautioned that, if the City did not file timely written objections, the Administrative Law Judge might enter an Order approving Staff's recommendations without a hearing.

As of the date of this Order, the City has neither filed any written objections nor have any protests been filed in this matter.

FINDINGS OF FACT

1. On June 23, 2006, the City of Mount Hope filed an application for a certificate of convenience and necessity to construct certain improvements to its sewer system, including 4,505 linear feet of 6-inch SDR-35 PVC; 25,642 linear feet of 8-inch SDR-35 PVC; 153 service connections; and 88 four-foot diameter manholes for the collection line

portion of the project. The treatment plant will be upgraded by installing a belt press and modifying the aerobic digester. (See, filing dated June 23, 2006).

2. The revised estimated project cost of $3,842,000.00 is to be financed with a $1,500,000.00 Small Cities Block Grant, a 30-year $250,000 State Revolving Fund Loan at 0% interest and a 0.5% administrative fee, a $1,067,000 ACOE Section 340 Grant, a $700,000 ARC Grant and a $325,000 WVDEP Stream Grant. (See, Further Final Joint Staff Memorandum with attachment filed September 28, 2006; filing dated June 23, 2006).

3. The City gave notice of the filing of its certificate application in accordance with the Commission's requirements by publishing a Notice of Filing on June 29, 2006, in The Fayette Tribune a newspaper, duly qualified by the Secretary of State, published and of general circulation in Fayette County. (See, Affidavit of Publication filed July 5, 2006).

4. No protests were received to the certificate application within the thirty-day response period, which expired on July 31, 2006, nor as of the date of this Order. (See, case file generally).

5. Commission Staff recommended approval of the City's application for a certificate of convenience and necessity to expand the City's wastewater treatment system and add plant improvements at a cost of $3,842,000, to be funded with a $1,500,000 Small Cities Block Grant; a 30-year $250,000 State Revolving Fund Loan at 0% interest and a 0.5% administrative fee; a $1,067,000 ACOE Section 340 Grant; a $700,000 ARC Grant; and a $325,000 WVDEP Stream Grant. (See, Further Final Joint Staff Memorandum with attachment filed September 28, 2006).

6. Staff also recommended that, if there are changes in project costs which do not affect rates, the City file an affidavit signed by its CPA certifying that rates are not affected; that prior to bid opening, the City must provide a revised ACOE PCA which allows grant funds assigned to plant construction to be used for extension line work; that the City contact the WVDEP regarding additional funding to complete the digester work; that the City consider preparing a new rate ordinance at the required funding level in anticipation of the completion of the digester work; that the City provide a copy of the engineer's certified tabulation of bids for all project contracts; that the City be required to petition the Commission for approval if there are substantive changes in the project scope or in significant project design; that the City be required to notify the Commission when its engineer has performed the substantial completion inspection; and that the City pass an Ordinance to amend its tariff to include a surcharge for surface water from the roofs of residential homes. (See, Further Final Joint Staff Memorandum with attachment filed September 28, 2006).

7. The Office of the Executive Secretary sent the parties a letter in which the parties were cautioned that failure to respond to Staff's recommendations within ten (10) days may result in a decision in the case based on the original filing and the other documents in the case file,

without a hearing or further notice. (See, filing dated September 28, 2006).

8. By Procedural Order dated October 6, 2006, the City was given ten (10) days from the date of the Order in which to object to Staff's recommendations. (See, Procedural Order dated October 6, 2006).

9. As of the date of this Recommended Decision, the City did not file a written response to Staff's recommendations. (See, case file generally).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the project.

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

3. The City should be required to seek Commission approval should the project scope or proposed financing change for any reason. If there are changes in project costs which do not affect rates, the City should be required to file an affidavit signed by its CPA certifying that rates are not affected.

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

5. It is reasonable to require that, prior to bid opening, the City provide a revised ACOE PCA which allows grant funds assigned to plant construction to be used for extension line work; the City contact the WVDEP regarding additional funding to complete the digester work; the City consider preparing a new rate ordinance at the required funding level in anticipation of the completion of the digester work; the City provide a copy of the engineer's certified tabulation of bids for all project contracts; and the City be required to notify the Commission when its engineer has performed the substantial completion inspection.

6. If the City wishes to properly address the I&I problem and otherwise not unnecessarily overwork the treatment plant, it should consider passing an ordinance to amend its tariff to include a surcharge for surface water from downspouts of residential homes.

ORDER

IT IS, THEREFORE, ORDERED that the application by the City of Mount Hope filed on June 23, 2006, for a certificate of public convenience and necessity to construct certain improvements to its sewer system, be, and hereby is, granted. The certificate is contingent upon the City's receipt of all necessary federal, state and local governmental permits and approvals for the proposed construction. Copies of these permits and approvals shall be forwarded to the Commission upon the City's receipt of the documents. Construction shall not begin until all necessary permits have been issued. The City shall also file a copy of the Certificate of Substantial Completion for each contract associated with the project, within thirty (30) days of the issuance of each certificate.

IT IS FURTHER ORDERED that the proposed financing comprised of a $1,500,000 Small Cities Block Grant; a 30-year $250,000 State Revolving Fund Loan at 0% interest and a 0.5% administrative fee; a $1,067,000 ACOE Section 340 Grant; a $700,000 ARC Grant; and a $325,000 WVDEP Stream Grant, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there are any changes in the plans and/or scope of the project, or, if a change in financing affects rates, the City of Mount Hope shall obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are changes in the project financing that do not affect rates, the City of Mount Hope shall file herein an affidavit duly executed by its accountant verifying that the City's rates and charges are not affected.

IT IS FURTHER ORDERED that, prior to bid opening, the City of Mount Hope be, and hereby is, required to provide a revised ACOE PCA which allows grant funds assigned to plant construction to be used for extension line work.

IT IS FURTHER ORDERED that the City of Mount Hope be, and hereby is, directed to file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the bid opening date.

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

IT IS FURTHER ORDERED that the City of Mount Hope be, and hereby is, directed to contact the WVDEP regarding additional funding to complete the digester work.

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

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

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

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until

approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Deborah Yost VanDervort
Administrative Law Judge

DYV:s
060826aa.wpd

West Virginia Infrastructure & Jobs Development Council

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

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

August 1, 2007

The Honorable Michael Martin
Mayor, City of Mount Hope
P.O. Box 151
Mount Hope, West Virginia 25880

Re: City of Mount Hope - Bid Overrun
Sewer Project 2002S-653

Dear Mayor Martin:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the City of Mount Hope's (the "City") revised preliminary application regarding its proposed project to extend public sewer to approximately 150 residents of Kilsyth/Price Hill areas and an upgrade to the existing wastewater treatment plant (the "Project").

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

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the City utilize a $1,862,502 Corps of Engineers grant, a $1,500,000 Small Cities Block Grant, a $325,000 West Virginia Department of Environmental Protection Stream Restoration grant, a $250,000 Clean Water State Revolving Fund loan and pursue an additional $396,600 Clean Water State Revolving Fund loan to fund this $4,334,102 project. Please contact the West Virginia Department of Environmental Protection office at 926-0495for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

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

Sincerely,

Kenneth Lowe, Jr.

Enclosure
cc: Mike Johnson, P.E., DEP (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Sherry Adams, COE
Region IV Planning & Development Council
John Tuggle, P.E., Pentree, Inc.

West Virginia Infrastructure & Jobs Development Council

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

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

September 20, 2005

The Honorable Michael Martin
Mayor, City of Mount Hope
108 Raleigh Avenue
Mount Hope, West Virginia 25880

Re: City of Mount Hope
Wastewater Project 2002S-653
Kilsythe / Price Hill Sewer

Dear Mayor Martin:

On July 9, 2003 the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") reviewed the preliminary application for the City of Mount Hope's (the "City") proposed $3,621,875 project to extend sewer to approximately 150 customers in the Kilsythe / Price Hill communities. Taking into consideration the rising trend in materials and other project costs and this application was made in 2003, the Infrastructure Council requests that if the City is still interested in pursuing this Project, the City should submit a revised application. Until such application is received, the Infrastructure Council will consider this application as "INACTIVE".

In preparing an updated application, please use the latest application form. The Infrastructure Council also requests that in light of recent price increases that the project application contain at least a 10% contingency on the updated costs. Five copies of the requested information should be submitted to the Infrastructure Council at 300 Summers Street, Suite 980, Charleston, WV 25301. Once received, the information will be forwarded to the Technical Review Committee for review.

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

Sincerely,

Katy Mallory

Katy Mallory, P.E.

cc: Mike Johnson, P.E., DEP
Pat Taylor, P.E., BPH
John Tuggle, Pentree, Inc
Region IV Planning & Development Council

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley

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

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

July 9, 2003

The Honorable Michael Martin
Mayor, City of Mount Hope
108 Raleigh Avenue
Mount Hope, West Virginia 25880

Re: City of Mount Hope
Sewer Project 2002S-653

Dear Mayor Martin:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Mount Hope's (the "City") preliminary application regarding its proposed project to extend wastewater collection lines to serve 150 households in the Kilsyth/Price Hill communities and improve the wastewater treatment plant to improve sludge handing capabilities (the "Project").

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

Upon consideration of the preliminary application, the Infrastructure Council recommends that the City utilize a $1,575,000 Corp of Engineers grant, a $325,000 WV Department of Environmental Protection Stream Program grant and pursue a $1,500,000 Small Cities Block Grant and a $221,875 Clean Water State Revolving Fund loan to fund this $3,621,875 project. Please contact the WV Development Office at 558-4010 and the WV Department of Environmental Protection office at 558-0641 for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these agencies.**

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

Sincerely,

Russell L. Isaacs

Enclosure
cc: Mike Johnson, DEP (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
John Yeager, COE
Region IV Planning & Development Council
John Tuggle, P.E., Pentree, Inc.

cafc/rm.wpd-Daniel S. Yonkosky, Funding Committee Chairman

Date: 07/09/03

FUNDING COMMITTEE REPORT - PRELIMINARY APPLICATION REVIEW
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

A. General Information

1. Project Sponsor Project Number:	City of Mount Hope						
	2002S-653	Congressional Dist.	3	Resubmitted		Revised	X
2. Contact:	Michael Martin, Mayor, City of Mount Hope, 108 Raleigh Avenue, Mount Hope, WV 25880						
2a. Engineer:	John Tuggle, P.E., Pentree, Inc., P.O. Box 1309, Princeton, WV 24740						
3. Total customers served (existing):	489	4. Type:	Sewer	5. New customers to be served by project:	150	6. County	Fayette
7. Project Description:	Extension of wastewater collection lines to serve 150 households in the Kilsyth/Price Hill communities and upgrading the wastewater treatment plant to improve sludge handling capabilities.						
8. Emergency project as defined by §31-15A-2?		Yes				No	X
If yes, explain:							

B. Technical Staff Recommendations to Funding Committee

1. Rates: (*4500-gal water usage*)		2. Staff Recommendation:
Existing Rates:	29.09	The City of Mount Hope utilize a $1,575,000 COE grant and a $325,000 WV DEP Stream Program grant and pursue a $1,500,000 SCBG, and a $221,875 CWSRF loan to fund this $3,621,875 project.
Proposed Rates:	32.89 (2.7%)	
0.6% MHI	7.32	
1.5% MHI	18.29	

C. Funding Assistance Summary

Sources and Amounts								
Original Funding Recommendation			Proposed in Resubmittal/Revised Application			Funding Committee Recommendation		
1	COE grant	$ 1,590,925	1	COE grant	$ 1,575,000	1	COE grant (committed)	$ 1,575,000
2	CWSRF loan	$ 772,774	2	SCBG	$ 1,500,000	2	SCBG	$ 1,500,000
3	SCBG	$ 1,280,176	3	WV DEP Stream Program Grant	$ 325,000	3	WV DEP Stream Program Grant (committed)	$ 325,000
4			4	CWSRF loan (½%, 40 yrs)	$ 221,875	4	CWSRF loan	$ 221,875
5			5			5		
6			6			6		
	Total	$ 3,643,875		Total	$ 3,621,875		Total	$ 3,621,875

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg

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

Katy Mallory, PE
Executive Secretary

KMallory@verizon.com

RECEIVED
AUG 0 8 2002
Region 4 Planning & Development Council

August 7, 2002

The Honorable Michael Martin
Mayor, City of Mount Hope
108 Raleigh Avenue
Mount Hope, West Virginia 25880

Re: City of Mount Hope
Sewer Extension Project 2002S-653

Dear Mayor Martin:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the City of Mount Hope's (the "City") preliminary application regarding its proposed project extend wastewater collection lines to serve 150 households in the Kilsyth and Price Hill communities along with upgrading the wastewater treatment plant to improve sludge handling capabilities (the "Project").

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

Upon consideration of the preliminary application, the Infrastructure Council recommends that the City pursue a $1,590,925 Corp of Engineers 340 grant, a $1,280,176 Small Cities Block Grant and a $772,774 Clean Water State Revolving Fund loan to fund this $3,643,875 project. Please contact the Corp of Engineers Office at 529-5644, the WV Development Office at 558-4010 and the WV Department of Environmental Protection office at 558-0641for specific information on the steps the City needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from these agencies.**

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

Sincerely,

Russell L. Isaacs

RLI/km
cc: Mike Johnson, DEP (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Dan Bailey, COE
Region IV Planning & Development Council
John Tuggle, P.E., Pentree, Inc.

SRF-BPA-1
(11/01/04)

BOND PURCHASE AGREEMENT

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

CITY OF MT. HOPE
(Local Government)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

1.10 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.11 Additional terms and phrases are defined in this Bond Purchase Agreement as they are used.

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

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

ARTICLE III

Conditions to Purchase of Local Bonds;
Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without

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

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

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

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

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that

the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing." Notwithstanding the foregoing, the Date of Closing shall in no event occur more than ninety (90) days after the date of execution of this Bond Purchase Agreement by the Authority or such later date as is agreed to in writing by DEP.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

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

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

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

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any

succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Local Government will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the

funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall

the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

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

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

ARTICLE V

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

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

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

such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 If any provision of this Bond Purchase Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Bond Purchase Agreement, and this Bond

Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

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

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

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority

and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

CITY OF MT. HOPE

(SEAL)

By: _____
Its: Mayor
Date: 11/13/07

Attest:

Kathleen Scott
Its: Recorder

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

By: _____
Its: Director
Date: 11-15-07

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Barbara B Meadows
Its: Authorized Representative
Date: November 1, 2007

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____

Name of Bond Issue(s) _____

Type of Project _____ **Water** _____ **Wastewater**

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated _____.

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

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

attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____

By _____

West Virginia License No. __

[SEAL]

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

EXHIBIT F

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated _____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending ___ _ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

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

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

Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$646,600
Purchase Price of Local Bonds	$646,600

The Local Bonds shall bear no interest. Commencing June 1, 2009, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Government may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

See next page.

(1) Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 20, 1999, issued in the original principal amount of $1,490,000; and

(2) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, issued in the original principal amount of $1,285,000.

SCHEDULE Y

$646,600

City of Mt. Hope

0% Interest Rate; 0.5% Administrative Fee; 30 Years

Closing Date: November 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	5,389.00	-	5,389.00
09/01/2009	5,389.00	-	5,389.00
12/01/2009	5,389.00	-	5,389.00
03/01/2010	5,389.00	-	5,389.00
06/01/2010	5,389.00	-	5,389.00
09/01/2010	5,389.00	-	5,389.00
12/01/2010	5,389.00	-	5,389.00
03/01/2011	5,389.00	-	5,389.00
06/01/2011	5,389.00	-	5,389.00
09/01/2011	5,389.00	-	5,389.00
12/01/2011	5,389.00	-	5,389.00
03/01/2012	5,389.00	-	5,389.00
06/01/2012	5,389.00	-	5,389.00
09/01/2012	5,389.00	-	5,389.00
12/01/2012	5,389.00	-	5,389.00
03/01/2013	5,389.00	-	5,389.00
06/01/2013	5,389.00	-	5,389.00
09/01/2013	5,389.00	-	5,389.00
12/01/2013	5,389.00	-	5,389.00
03/01/2014	5,389.00	-	5,389.00
06/01/2014	5,389.00	-	5,389.00
09/01/2014	5,389.00	-	5,389.00
12/01/2014	5,389.00	-	5,389.00
03/01/2015	5,389.00	-	5,389.00
06/01/2015	5,389.00	-	5,389.00
09/01/2015	5,389.00	-	5,389.00
12/01/2015	5,389.00	-	5,389.00
03/01/2016	5,389.00	-	5,389.00
06/01/2016	5,389.00	-	5,389.00
09/01/2016	5,389.00	-	5,389.00
12/01/2016	5,389.00	-	5,389.00
03/01/2017	5,389.00	-	5,389.00
06/01/2017	5,389.00	-	5,389.00
09/01/2017	5,389.00	-	5,389.00
12/01/2017	5,389.00	-	5,389.00
03/01/2018	5,389.00	-	5,389.00
06/01/2018	5,389.00	-	5,389.00
09/01/2018	5,389.00	-	5,389.00

$646,600
City of Mt. Hope
0% Interest Rate; 0.5% Administrative Fee; 30 Years
Closing Date: November 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2018	5,389.00	-	5,389.00
03/01/2019	5,389.00	-	5,389.00
06/01/2019	5,388.00	-	5,388.00
09/01/2019	5,388.00	-	5,388.00
12/01/2019	5,388.00	-	5,388.00
03/01/2020	5,388.00	-	5,388.00
06/01/2020	5,388.00	-	5,388.00
09/01/2020	5,388.00	-	5,388.00
12/01/2020	5,388.00	-	5,388.00
03/01/2021	5,388.00	-	5,388.00
06/01/2021	5,388.00	-	5,388.00
09/01/2021	5,388.00	-	5,388.00
12/01/2021	5,388.00	-	5,388.00
03/01/2022	5,388.00	-	5,388.00
06/01/2022	5,388.00	-	5,388.00
09/01/2022	5,388.00	-	5,388.00
12/01/2022	5,388.00	-	5,388.00
03/01/2023	5,388.00	-	5,388.00
06/01/2023	5,388.00	-	5,388.00
09/01/2023	5,388.00	-	5,388.00
12/01/2023	5,388.00	-	5,388.00
03/01/2024	5,388.00	-	5,388.00
06/01/2024	5,388.00	-	5,388.00
09/01/2024	5,388.00	-	5,388.00
12/01/2024	5,388.00	-	5,388.00
03/01/2025	5,388.00	-	5,388.00
06/01/2025	5,388.00	-	5,388.00
09/01/2025	5,388.00	-	5,388.00
12/01/2025	5,388.00	-	5,388.00
03/01/2026	5,388.00	-	5,388.00
06/01/2026	5,388.00	-	5,388.00
09/01/2026	5,388.00	-	5,388.00
12/01/2026	5,388.00	-	5,388.00
03/01/2027	5,388.00	-	5,388.00
06/01/2027	5,388.00	-	5,388.00
09/01/2027	5,388.00	-	5,388.00
12/01/2027	5,388.00	-	5,388.00
03/01/2028	5,388.00	-	5,388.00
06/01/2028	5,388.00	-	5,388.00
09/01/2028	5,388.00	-	5,388.00
12/01/2028	5,388.00	-	5,388.00
03/01/2029	5,388.00	-	5,388.00
06/01/2029	5,388.00	-	5,388.00
09/01/2029	5,388.00	-	5,388.00

$646,600
City of Mt. Hope
0% Interest Rate; 0.5% Administrative Fee; 30 Years
Closing Date: November 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2029	5,388.00	-	5,388.00
03/01/2030	5,388.00	-	5,388.00
06/01/2030	5,388.00	-	5,388.00
09/01/2030	5,388.00	-	5,388.00
12/01/2030	5,388.00	-	5,388.00
03/01/2031	5,388.00	-	5,388.00
06/01/2031	5,388.00	-	5,388.00
09/01/2031	5,388.00	-	5,388.00
12/01/2031	5,388.00	-	5,388.00
03/01/2032	5,388.00	-	5,388.00
06/01/2032	5,388.00	-	5,388.00
09/01/2032	5,388.00	-	5,388.00
12/01/2032	5,388.00	-	5,388.00
03/01/2033	5,388.00	-	5,388.00
06/01/2033	5,388.00	-	5,388.00
09/01/2033	5,388.00	-	5,388.00
12/01/2033	5,388.00	-	5,388.00
03/01/2034	5,388.00	-	5,388.00
06/01/2034	5,388.00	-	5,388.00
09/01/2034	5,388.00	-	5,388.00
12/01/2034	5,388.00	-	5,388.00
03/01/2035	5,388.00	-	5,388.00
06/01/2035	5,388.00	-	5,388.00
09/01/2035	5,388.00	-	5,388.00
12/01/2035	5,388.00	-	5,388.00
03/01/2036	5,388.00	-	5,388.00
06/01/2036	5,388.00	-	5,388.00
09/01/2036	5,388.00	-	5,388.00
12/01/2036	5,388.00	-	5,388.00
03/01/2037	5,388.00	-	5,388.00
06/01/2037	5,388.00	-	5,388.00
09/01/2037	5,388.00	-	5,388.00
12/01/2037	5,388.00	-	5,388.00
03/01/2038	5,388.00	-	5,388.00
06/01/2038	5,388.00	-	5,388.00
09/01/2038	5,388.00	-	5,388.00
12/01/2038	5,388.00	-	5,388.00
03/01/2039	5,388.00	-	5,388.00
Total	**$646,600.00**	**-**	**$646,600.00** *

***Plus $407.48 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $48,897.60.**

P.S.C. W. Va. No. 7
Canceling P.S.C. W. Va. No. 6

ORDS Mount Hope 07B

CITY OF MOUNT HOPE, a municipal corporation

OF

MOUNT HOPE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Mount Hope, Fayette County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

RECEIVED
2007 NOV -2 AM 9:47
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Issued October 29, 2007

Effective for service rendered on or after November 2, 2007
or as otherwise provided herein

Adopted by City Council

Issued by CITY OF MOUNT HOPE, a municipal corporation

By _____

Mayor
Title

T:\TARIFFS\SEWER\MT_HOPE_07S_(CURRENT).DOC

RULES AND REGULATIONS

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

II. Sewer use and sewer billing is based upon metered 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 Sewage Works Office. Failure to receive bill will not entitle consumer to any remission of delayed payment penalty. The word "month" as used in this tariff is understood to mean the elapsed time between two successive meter readings approximately thirty (30) days apart. In the event of the 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.

3048776055 10:35:18 a.m. 11-05-2007 4/9

CITY OF MOUNT HOPE (Sewer)

P.S.C. W. Va. No. 7
Original Sheet No. 2

AVAILABILITY OF SERVICE

Available for general, domestic, commercial and industrial service

(I) RATES

First	2,000 gallons used per month	$8.01 per 1,000 gallons
Next	8,000 gallons used per month	$7.27 per 1.000 gallons
All Over	10,000 gallons used per month	$6.01 per 1,000 gallons

(I) MINIMUM CHARGE

The above schedule is subject to a minimum charge of $16.02 per month.

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 net amount shown.

If any water and sewer bill is not paid within thirty (30) days after date, water service to the consumer will be discontinued. 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 consumer 24 hours notice of discontinued service if bill is not paid in full.

SECURITY DEPOSIT SEWER

The above schedule is subject to a cash security deposit of fifty dollars ($50.00) for any sewage service and refunded with interest when so entitled for all general, domestic, commercial and industrial service.

(I) Indicates increase

3048776055 10:35:27 a.m. 11-05-2007 5/9

RECEIVED
UTILITIES DIVISION
SPECIAL STUDIES SECTION

2006 JUN -5 AM 8:18

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

P.S.C. W. Va. No. 12
Canceling P.S.C. W. Va. No. 11

Public Service Commission
of W.Va. Tariff Office
JUN 05 2006
Special Studies Section

CITY OF MOUNT HOPE, a municipal corporation

OF

MOUNT HOPE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Mount Hope, Fayette County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued May 25, 2006

Effective for service rendered on and after May 26, 2006
or as otherwise provided herein

Adopted by City Council

Issued by CITY OF MOUNT HOPE, a municipal corporation

By _____

_____
Title

T:\TARIFFS\WATER\MT HOPE #12W_(CURRENT).DOC

RULES AND REGULATIONS

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

II. 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 Works office. Failure to receive bill will not entitle consumer to any remission of delayed payment penalty. The word "month" as used in this tariff is understood to mean the elapsed time between two successive meter readings approximately thirty (30) days apart. In the event of the 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.

7/9 11-05-2007 10:35:49 a.m. 3048776055

AVAILABILITY OF SERVICE

The following are to be the new rates for the customers of the City of Mount Hope combined waterworks and sewerage system for general, domestic and industrial service.

(I) RATE

First	2,000 gallons used per month	$9.25 per thousand gallons
Next	8,000 gallons used per month	$7.55 per thousand gallons
All over	10,000 gallons used per month	$5.40 per thousand gallons

(I) MINIMUM CHARGE

The above schedule is subject to a minimum charge of $18.50 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 net amount shown.

If any water bill is not paid within thirty (30) days after date, water service to the consumer will be discontinued. 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 consumer 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.

RECONNECTION 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

(I) Indicates increase

(N) SECURITY DEPOSIT WATER

The above schedule is subject to a cash security deposit of fifty dollars ($50.00) for any water service and refunded with interest when so entitled for all general, domestic, commercial and industrial service.

(N) Indicates new

ORDINANCE OF THE CITY OF MOUNT HOPE
TO INCREASE WATER RATES

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF MOUNT HOPE, WEST VIRGINA

SECTION I

AVAILABILITY OF SERVICE

The following are to be the new water rates for the customers of the City of Mount Hope combined waterworks and sewerage system for general, domestic and industrial service:

FIRST:	2,000 gallons used per month $9.25 per 1,000 gallons
NEXT:	8,000 gallons used per month $7.55 per 1,000 gallons
ALL OVER:	10,000 gallons used per month $5.40 per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum charge of $18.50 per month.

SECTION II

The proposed ordinance shall become effective forty-five (45) days from passage.

First Reading: 3-14-06

Second Reading: 3-28-06

Passage: 4-11-06

Kathleen Scott
City Recorder

Michael Martin
Mayor

ORDINANCE OF THE CITY OF MOUNT HOPE

TO AMEND ITS WATER RATES

WHEREAS, the City Council of the City of Mount Hope which operates a water system wishes to amend Section IV of its water ordinance insofar as the same relates to a security deposit charged for water service; and,

WHEREAS, it is the desire of the aforesaid City Council to amend the aforesaid ordinance to impose a security deposit charged to new customers for water service to pay for the costs incurred by the City of Mount Hope in performing these functions; and,

WHEREAS, it is the opinion of the City Council of the City of Mount Hope that the imposition of these charges will be in the best interest of the City of Mount Hope and the customers of its water system; and,

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

That Section IV of its Water Ordinance be amended by including a Section entitled:

SECURITY DEPOSIT - WATER

The above schedule is subject to a cash security deposit of Fifty Dollars ($50.00) for any water service and refunded with interest when so entitled for all general, domestic, commercial and industrial service.

This ordinance shall become effective forty-five (45) days from passage.

First Reading: 3-14-06

Second Reading: 3-28-06

Passage: 4-11-06

Kathleen Scott
City Recorder

Michael Martin
Mayor

ORDINANCE OF THE CITY OF MOUNT HOPE TO INCREASE SEWER RATES

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF MOUNT HOPE, WEST VIRGINA

SECTION I

AVAILABILITY OF SERVICE

The following are to be the new sewer rates for the customers of the City of Mount Hope combined waterworks and sewerage system for general, domestic and industrial service:

FIRST:	2,000 gallons used per month $7.00 per 1,000 gallons
NEXT:	8,000 gallons used per month $6.26 per 1,000 gallons
ALL OVER:	10,000 gallons used per month $5.00 per 1,000 gallons

MINIMUM CHARGE

The above schedule is subject to a minimum charge of $14.00 per month.

SECTION II

The proposed ordinance shall become effective forty-five (45) days from passage.

First Reading: 3-14-06

Second Reading: 3-28-06

Passage: 4-11-06

Kathleen Scott
City Recorder

Michael Martin
Mayor

ORDINANCE OF THE CITY OF MOUNT HOPE

TO AMEND ITS SEWER RATES

WHEREAS, the City Council of the City of Mount Hope which operates a sewer system wishes to amend Section IV of its sewer ordinance insofar as the same relates to a security deposit charged for sewage service; and,

WHEREAS, it is the desire of the aforesaid City Council to amend the aforesaid ordinance to impose a security deposit charged to new customers for sewage service to pay for the costs incurred by the City of Mount Hope in performing these functions; and,

WHEREAS, it is the opinion of the City Council of the City of Mount Hope that the imposition of these charges will be in the best interest of the City of Mount Hope and the customers of its sewage system; and,

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

That Section IV of its Sewer Ordinance be amended by including a Section entitled:

SECURITY DEPOSIT - SEWER

The above schedule is subject to a cash security deposit of Fifty Dollars ($50.00) for any sewage service and refunded with interest when so entitled for all general, domestic, commercial and industrial service.

This ordinance shall become effective forty-five (45) days from passage.

First Reading: 3-14-06

Second Reading: 3-28-06

Passage: 4-11-06

Kathleen Scott
City Recorder

Michael Martin
Mayor

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, September 11, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor:	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer:	Jack Sears
City Chief of Police: Mitch Canterbury	

Mayor Martin called the regular meeting to order at 7:00 P.M. Roll call by Recorder, Kathleen Scott, all present.

Pledge of Allegiance
Invocation by Councilwoman Bailey

Minutes of the August 14, 2007, regular meeting were considered. Motion made by Councilman Parker to accept the minutes as presented, seconded by Councilman Ellison. Motion passed.

Minutes of the August 29, 2007, special meeting were considered. Motion made by Councilman Ellison to accept the minutes as presented, seconded by Councilman Brown. Motion carried.

The Financial Report for the Month of August 2007 was considered. Motion made by Councilman Ellison to accept the financial report as presented, seconded by Councilwoman Bailey. Discussion held by Councilman Ellison. Motion passed.

Kilsyth Sewer Extension Project: Zane Summerfield, Pentree Engineering, Inc. reported they are waiting on the PAC to move forward. They halted the process because the City has to start over when the new rate increases are approved. Discussion held by City Attorney Shumate on the process timeline required by

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, September 11, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor:	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer:	Jack Sears
City Chief of Police: Mitch Canterbury	

law. Discussion by Mike Shumate, Dunlope Water Shed.

Special Meeting and Public Hearing Schedule: A public hearing to increase sewer rates is scheduled for September 18, 2007 at 6:00 p.m. A special meeting to hear the third and final reading to enact an ordinance to increase sewer rates is scheduled for September 18, 2007 at 6:30 p.m.

Council Approval to pay Floyd Browne Group Invoices: Motion made by Councilman Sears to pay Floyd Browne Group Invoice # 0044429 for $2,070.41 from Interpretive Park Grant, seconded by Councilman Parker. Motion passed. Motion made by Councilman Sears to pay Floyd Brown Group Invoice #0044424 for $1,500.00 from Interpretive Park Grant, seconded by Councilman Parker. Motion passed.

Council Approval to pay McClanahan Construction Invoice: Motion made by Councilman Sears to pay McClanahan Construction Invoice #25802 for $13,761.00 from Interpretive Park Grant, seconded by Councilwoman Bailey. Motion passed.

John Potter: A request to operate a beer tent at the Jubilee was made for John Potter. Motion made by Councilman Sear to deny the request due to liability issues, seconded by Councilwoman Bailey. Motion passed with Councilman Ellison abstaining.

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, September 11, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor:	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer:	Jack Sears
City Chief of Police: Mitch Canterbury	

Possible Public Auction of IGA Parcel: A request to purchase the IGA parcel of land was made for a Kessler family member. Attorney Shumate presented the legal process for disposing City owned property, and recommended selling the property at public auction. Motion made by Councilman Ellison to sell the IGA parcel of land, through public auction, with a minimum bid of $3,000.00; seconded by Councilman Parker. Discussion held by Mayor Martin. Motion passed.

Fayette County Beautification Committee Memorandum of Understanding: Mr. Allen Ballard from the FCBC explained what the Committee does regarding abandoned buildings in the County and its work in Mt. Hope. Several buildings have been identified within the City and letters of intent to tear down the buildings need to be sent to the owners of those properties. He recommended signing the Fayette County Memorandum of Understanding so he can fully implement the project and adopting a Beautification Ordinance. City Attorney Shumate presented legal information regarding the issues. Motion made by Councilman Parker to authorize Mayor Martin to sign the Memorandum of Understanding with the Fayette County Beautification Committee and enact a Beautification Ordinance; seconded by Councilwoman Bailey. Motion carried. The ordinance adoption will be considered at the next scheduled meeting.

Mt. Hope Fire Department: No report. Comment by Councilman Sears.

City Attorney: Presented tariff on previous rates.

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, September 11, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor:	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer:	Jack Sears
City Chief of Police: Mitch Canterbury	

Police Report: Chief of Police Mitch Canterbury presented the August, 2007 report. 243 citations written, 116 general service calls, 3 destruction of property, 1 petit larceny, 3 domestics and 2 arrests. Councilman Ellison requested an update on Police Officer schedules. Councilwoman Bailey requested a list of police officers names. Councilmen Ellison and Sears extended a thank you to Chief Canterbury.

Citizens Comments

Mindy Derringer – Thank you for allowing the Merchant Association to host a Little Brown Jug bonfire. Request to have a homecoming bonfire, Thursday, September 27, 2007, with support from the Maintenance Department. Presented a written list of issues from the Merchants Association regarding City improvements.

Jeffrey Kuhl – Handicap parking spot and parking in front of the Methodist Church.

Citizens attending: Howard Scott, Mindy Derringer, Ernie Wickline, Sr., Juanita Wickline, Alice Casebolt, Jeffrey Kuhl, and Linda Brown.

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, September 11, 2007 at 7:00 P.M., the following being present:

Mayor: Michael Martin
City Recorder: Kathleen Scott
City Auditor:
City Attorney: John Shumate
City Treasurer:
City Chief of Police: Mitch Canterbury

Councilpersons
Edith Bailey
Steve Brown
Norville Ellison
Malcolm Parker
Jack Sears

Motion made by Councilman Sears to adjourn, and seconded by Councilwoman Bailey. Motion passed.

Adjournment at 9:10 P.M.

Kathleen Scott
Kathleen Scott, Recorder

CITY OF MOUNT HOPE

MOUNT HOPE, WEST VIRGINIA 25880

A special meeting of the Mount Hope City Council was held at City Hall on August 29, 2007, at 6:00 p.m.

Mayor: Michael Martin
City Recorder:
City Auditor: Larry Misiti
City Attorney: John Shumate
City Treasurer:
Police Chief:

Councilpersons
Edith Bailey
Steve Brown
Norville Ellison
Malcolm Parker

Mayor Martin called the special meeting to order at 6:00 p.m. Roll call by Councilwoman Bailey–City Recorder was absent. Councilman Jack Sears was absent.

Invocation by Councilman Ellison

Previous water usage figures presented at last regular City Council meeting were based on fiscal year July 1, 2005 to June 30, 2006. Mr. Jeff Mollohan, our accountant from Hess, Stewart and Campbell provided new information on the fiscal year July 1, 2006 to June 30, 2007. Presently we are at 99.5% of our debt service. We must maintain 115% on our annual payment on wastewater projects. An increase of 10% is needed on wastewater and 3% increase on water. Three percent (3%) had already been passed by City Council.

The first reading of ordinance initiated August 14, 2007, to increase wastewater rates to 19% must be amended. Councilman Parker made a motion to amend the ordinance from 19% to 10% increase. This is our second reading as amended. Councilman Ellison seconded. Motion carried.

The second reading of ordinance to increase water rates an additional 3% is tabled.

City Attorney John Shumate stated if Fayette Tribune schedule allows, this will be on the agenda in September for a third reading. A public meeting then can be scheduled for 6:30 p.m. on September 11, 2007.

Councilman Parker made a motion to adjourn at 6:20 p.m.

Others present: Ryan White, Jackson-Kelley, Jeff Mollohan, Hess, Stewart, Campbell Mary Alice Casebolt, Jaunita Wickline, Ernie Wickline, Sr., Zane Summerfield, Alice King

Kathleen Scott
Kathleen Scott, Recorder

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA 25880

A regular meeting of the Mount Hope City Council was held in City Hall on August 14, 2007, at 7:00 p.m., the following being present.

Mayor: Michael Martin	Councilpersons
City Recorder:	Edith Bailey
City Auditor: Larry Misiti	Steve Brown
City Attorney: John Shumate	Norville Ellison
City Treasurer:	Malcolm Parker
Chief of Police:	Jack Sears

Mayor Martin called the regular meeting to order at 7:00 p.m. Roll call by Councilwoman Bailey due to absence of City Recorder Kathleen Scott.

Pledge of Allegiance
Invocation by Councilman Ellison

Minutes of the July 10, 2007, meeting were corrected as follows: page 2, eighth line from the bottom WV Sate should read WV State. Motion to accept minutes as corrected by Councilman Parker, seconded by Councilman Brown. Motion carried.

Minutes of the public hearing meeting held on July 10, 2007, at 6:30 p.m. were considered. Motion to accept by Councilman Sears, seconded by Councilman Parker. Motion carried.

Minutes of the special meeting on July 26, 2007, to consider budget revisions were considered. Motion to accept by Councilman Parker, seconded by Councilman Brown. Motion carried.

Financial report for July 2007 was considered. Motion to accept by Councilman Ellison, seconded by Councilman Jack Sears. Motion carried.

Kilsyth Sewer Extension Project: An analysis indicates a shortfall on revenues generated over the past two years. Revenue shortfall is $52, 910 in commercial water usage. The accountant was requested to do another analysis – recommended a 19% increase wastewater. Mr. Summerfield has asked for a 60-day extension; Orders Construction Company has agreed. Attorney Samme Gee from Jackson Kelly Law Firm offered this clarification. With sewer/water rates down, even though we're paying our bills, we're in violation of our bond ordinance. Kilsyth Sewer Extension Project is still in line with 3% sewer increase last month. We have the 60-day extension; but we need the sewer/water rate increase now.

A regular meting of the Mount Hope City Council was held in City Hall on August 14, 2007, at 7:00 .m. the following being present.

Mayor: Michael Martin	Councilpersons
City Recorder:	Edith Bailey
City Auditor: Larry Misiti	Steve Brown
City Attorney: John Shumate	Norville Ellison
City Treasurer:	Malcolm Parker
Chief of Police:	Jack Sears

Councilman Sears made a motion that we revise the rate increase to 19% on sewer rates but requested an individual vote. Councilpersons voted as follows: Jack Sears, NO; Norville Ellison, ABSTAIN; Mal Parker, YES; Steve Brown, YES; and Edith Bailey, YES. Councilman Ellison seconded. Motion carried.

A special meeting is scheduled for August 29, 2007, at 6:00 p.m. for second reading for 19% sewage increase and 3% water increase.

Website Hosting: Mt. Hope Merchants Association states website is not being updated. They recommended canceling website presently with David Sibray and search for a new host. An invoice covering August 1, 2005 to August 1, 2007, submitted by Mr. Sibray for $600. A portion has been paid, the balance to be adjusted and paid accordingly. Motion made by Councilman Ellison, seconded by Councilman Parker. Motion carried.

Transfer of Dearing Building to CAEZ: Executive Director Christie Bailey requested (by letter) that the building be transferred to Central Appalachian Empowerment Zone (CAEZ) until they complete their 501 (c) status. It is their intention for the nonprofit to complete the restoration and then lease the building to the Coal Heritage Highway Authority for a nominal fee. CAEZ board approved this arrangement at their August meeting. Motion to accept change as requested by Councilman Parker, seconded by Councilwoman Bailey. Motion carried.

Council approval needed to pay Floyd Browne Group $1,500. from Interpretive Park Grant. Motion by Councilman Sears, seconded by Councilman Brown. Motion carried.

Resolution authorizing Mayor Martin to sign contracts with Hoover Contracting (Sidewalks for $185,645.) and McClanahan Construction (Historical Park for $193,533.). Motion by Councilman Ellison to authorize Mayor Martin to sign all necessary contracts and other related documents. Seconded by Councilman Sears. Motion carried.

Mt. Hope Fire Department: no one present

City Attorney: nothing to add

Police Report: citations are down

A regular meeting of the Mount Hope City Council was held in City Hall on August 14, 2007, at 7:00 p.m., the following being present:

Mayor: Michael Martin	Councilpersons
City Recorder:	Edith Bailey
City Auditor: Larry Misiti	Steve Brown
City Attorney: John Shumate	Norville Ellison
City Treasurer:	Malcolm Parker
Chief of Police:	Jack Sears

Citizen comments:

Marc GrayEagle: Police pay and attitudes are low. Changes needed.

Linda Brown: Complimented City Maintenance crew for removing unsightly weeds and trash. Please try to remove the small trees growing on front of a few buildings on Main Street.

Mary Alice Casebolt: Invited council to visit Mt. Hope Elementary. Nonie Roberts supervising group working on a walkable community, paintings also have been done.

Neil Lewis: Water bills are high in summer.

Mayor Martin: City of Mount Hope was awarded the "All Star Community Award" by the Municipal League.

Others present: Donna Dorado, Sudana Greene, Linda Brown, Ernie Wickline, Sr., Mary Alice Casebolt, John Tuggle, Jeff Mollohan, Larry Misiti, Marc GrayEagle, Fred Derringer, Zane Summerfield, Alice King, Samme Gee, Ryan White, John Shumate, Neil Lewis and Howard Scott.

Motion to adjourn by Councilman Parker at 8:55 p.m.

Kathleen Scott

Kathleen Scott, Recorder

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 April 11, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	Jack Sears
City Chief of Police:	
City Treasurer:	
City Police Department: Corporal Lowe	

Mayor Martin called the regular meeting to order at 7:00 P.M. Roll call by City Recorder, Kathleen Scott – Councilwoman Bailey absent.

Pledge of Allegiance
Invocation by Councilman Ellison

Minutes of the March 14, 2006, special (budget) meeting were considered. Motion made by Councilman Parker to accept the minutes as presented, seconded by Councilman Sears. Motion carried.

Minutes of the March 14, 2006, regular meeting were considered. City Attorney Shumate called for a correction on p. 3, under Ordinance to Increase Sewer/Water Rates, last sentence, change April 10 to April 11. Motion made by Councilman Parker to accept the minutes with the correction, seconded by Councilwoman Bailey. Motion carried.

Minutes of the March 28, 2006, special ordinance meeting were considered. City Attorney Shumate called for a correction, under Ordinances to Increase Sewer and Water Rates, 9th sentence, change April 10 to April 11. Motion made by Councilman Ellison to accept the minutes with the correction, seconded by Councilman Sears. Motion carried.

Kathleen Scott
Recorder

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 April 11, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	Jack Sears
City Chief of Police:	
City Treasurer:	
City Police Department: Corporal Lowe	

The Financial Report for the Month of April, 2006, was considered. Motion made by Councilman Ellison to accept the report as presented, seconded by Councilman Sears. Motion carried.

Presentation of a $21,000 LEDA Grant – Senator Randy White, Delegate Pino, and Delegate Perry attended the meeting for the presentation. Delegate Pino said the Senate and House Finance approved a WV Local Economic Development Assistance Grant Award (LEDA) for street paving in the City of Mt. Hope. He read a March 17, 2006, letter from Governor Manchin to Mayor Martin, stating the $21,000 award was granted for paving Stadium Drive from Main Street to Bluestone Road in Mt. Hope. The Senator and Delegate joined in the certificate presentation. Delegate Pino presented Senator Love's apology for not being present due to his grandson's near fatal car accident. He also made an apology for the absence of Delegate Louisos, due to a schedule conflict. Delegate Perry commented on his high respect and appreciation for the Mayor and Council members. Senator White said having been Mayor of Webster Springs for twelve years; he had gotten a "real thrill" from listening to the proceedings of the meeting. He has an appreciation for the great work being done by the Mayor and the Council, and feels this is the most important part of government. Councilman Sears recommended sending a letter of appreciation to the Governor.

Kilsyth Sewer Extension – No report

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 April 11, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	Jack Sears
City Chief of Police:	
City Treasurer:	
City Police Department: Corporal Lowe	

Consideration and approval of a Resolution to accept the contract for the $21,000 grant award for paving - motion made by Councilman Parker to approve a Resolution to accept the contract for the $21,000 grant award, seconded by Councilman Brown. Motion carried.

Proclamation for "Fair Housing" month in April - motion made by Councilman Sears to approve proclaiming April as Fair Housing Month, seconded by Councilman Parker. Motion passed.

Consideration and approval of invoice in the amount $2,800.00 from Floyd Browne Group for engineering services for the Sidewalk Project, to be taken out of the Transportation Enhancement Grant fund - motion made by Councilman Parker to approve paying the Floyd Browne Group's $2,800 invoice, seconded by Councilman Brown. Motion passed.

Final Reading and Approval to Amend Sewer and Water Ordinances Concerning Deposits - City Attorney Shumate had discussion on making amendments to the March 28, 2006, Special Ordinance Meeting minutes. The minutes should reflect exact language for the amendments to increase both sewer and water rates. Motion made by Councilman Ellison to amend the March 28, 2006 Special Ordinance meeting minuets to include, have a second reading for an amendment to Section IV of the Water Ordinance relating to a cash security deposit of fifty ($50.00) dollars charged to

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 April 11, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	Jack Sears
City Chief of Police:	
City Treasurer:	
City Police Department: Corporal Lowe	

new water customers; and have a second reading for an amendment to Section IV of the Sewer Ordinance relating to a cash security deposit of fifty ($50.00) dollars charged to new sewer customers, seconded by Councilman Brown. Motion carried.

Third and Final Reading and Passage of Amended Sewer and Water Ordinances Concerning Deposits – Councilman Sears made motion to have the final reading to amend and pass Section IV of the Sewer Ordinance relating to a cash security deposit of fifty ($50.00) dollars charged to new sewer customers, seconded by Councilman Brown. Motion carried. Councilman Sears made motion to have the final reading to amend and pass Section IV of the Water Ordinance relating to a cash security deposit of fifty ($50.00) dollars charged to new water customers, seconded by Councilman Brown. Motion carried.

Third and Final Reading and Passage of Ordinance to Increase Sewer/Water Rates - having had no citizens to appear in protest at the public hearing for adoption of a Water and Sewer Ordinance, held 6:00 P.M. – 7:00 PM, Tuesday, April 11, 2006, at City Hall, Councilman Sears made motion to have a final reading and passage of the Ordinance to increase by three percent (3%) water rates, and to increase by fifteen (15%) percent sewer rates for all serviced customers in the City of Mt. Hope. Motion seconded by Councilman Ellison, motion passed.

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 April 11, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	Jack Sears
City Chief of Police:	
City Treasurer:	
City Police Department: Corporal Lowe	

Special Lay Levy (Budget for 2006/2007) Meeting - Mayor Martin announced there will be a special meeting to lay the levy, April 18, 2006, 6:00 P.M.

Mt. Hope Fire Department Report – Mayor Martin presented Council Fire Chief Wheeler's activity report which reflected 7 types of activities. He informed Council, because of the loss of General Ambulance's services, the Fire Department has started a First Responders Program. If Jan Care ambulance is not available, the Fire Department's first responders will provide medical emergency services within our corporate boundaries. The Fire Department will not bill for those services, but will seek donations. Mayor Martin will attempt to have someone at the next Council meeting to answer questions.

City Attorney Report - Attorney Shumate reported the final hearing for the annexation will be held April 24, 2006, 10:30 A.M. At the end of that hearing, he will complete his filings and recordings with the Assessors Office and get boundary adjustments.

Police Report – Corporal Lowe presented the report for March 2006. Citations increased from 384 to 387 and arrests increased from 9 to 15, due to solved cases and juvenile petitions. DUI'S were increased due to the Click It or Ticket It program. No vehicle repairs. The Department will look at the Shoplifting Ordinance to see if it needs updating.

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 April 11, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	Jack Sears
City Chief of Police:	
City Treasurer:	
City Police Department: Corporal Lowe	

Business to Come before Mayor and Council – Citizen Donna Dorado inquired as to the start date for street paving and if construction could start at the business section of Main Street. Mayor Martin projected, Phase I construction should begin this summer, starting at the water fountain, at the south end of town, up to ~~Delaware~~ Rozelle. Application for Phase II was filed in February, and those funds will allow construction at the business section of Main Street. Mrs. Dorado said there is enough money in the Clock Fund to order the clock and that will be done next week. It will take six months for it to be delivered, which will allow enough time to raise funds for the balance. The location for placement still has to be worked out.

Citizen Howard Scott gave a short report on the Ministerial Associations City-wide Easter services.

Councilman Ellison announced the continuation of the street/highway clean-up will be held Saturday, April 29th. He informed Council, Turin Stepblowski, a Mt. Hope High School graduate, will be Mountain State University's 2006 valedictorian; graduating magma cum laude. He suggested the City recognize her, perhaps presenting her with the Key to the City. Corporal Lowe will check with Mr. Null, MHHS Principal, to see if the ceremony can be held at the high school.

Councilman Parker made motion to adjourn, Councilman Sears seconded. Motion carried. Adjournment at 8:15 P.M.

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

A special Public Hearing for The Adoption of a Water and Sewer Ordinance of the City of Mount Hope was held in City Hall on April 11, 2006, at 6:00 P.M, the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Malcolm Parker
City Auditor:	Jack Sears
City Attorney: John Shumate	
City Chief of Police: Mitch Canterbury	
City Treasurer:	

Mayor Martin opened a public hearing for the adoption of an Ordinance to increase water and sewer rates for all serviced customer in the City of Mt. Hope, WV at 6:00 P.M. Councilwoman Bailey and Councilman Ellison absent. No (0) citizens attended. Having no public comment on the proposed increase of 3% for water rates and no public comment on the proposed increase of 15% for sewer rates, Mayor Martin closed the hearing at 7:00 P.M.

Kathleen Scott
Recorder

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

A special (ordinance) meeting of the City Council of the City of Mount Hope was held in City Hall on March 28, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Norville Ellison
City Recorder: Kathleen Scott	Malcolm Parker
City Auditor:	Jack Sears
City Attorney: John Shumate	
City Chief of Police:	
City Treasurer:	

Mayor Martin called the special ordinance meeting to order at 7:00 p.m. Roll call by City Recorder, Kathleen Scott. Councilwoman Bailey and Councilman Brown absent.

Pledge of Allegiance
Invocation by Councilman Ellison

Ordinances to Increase Sewer and Water Rates - Mayor Martin clarified the reason for the special meeting and called for a motion to hear the second reading for the ordinances to increase the water rates and sewer rates for the City of Mt. Hope. Motion made by Councilman Parker, to accept the second reading for adopting an ordinance to increase water rates at 3% and to increase sewer rates at 15% for the City of Mt. Hope, seconded by Councilman Ellison. Motion passed. City Attorney Shumate reminded Council of the public hearing for the adoption of the proposed ordinances, to be held 6:00 p.m., Tuesday, April ~~10~~ 11th, 2006. The hearing is scheduled one hour prior to the regular Council meeting.

Councilman Parker made motion to adjourn, Councilman Parker seconded. Motion carried.

Adjournment at 7:15

Kathleen Scott
Recorder

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 March 14, 2006, at 7:00 P.M., the following being present:

Mayor: Michael Martin
City Recorder: Kathleen Scott
City Auditor: Larry Misiti
City Attorney: John Shumate
City Chief of Police: Mitch Canterbury
City Treasurer:

Councilpersons
Edith Bailey
Norville Ellison
Malcolm Parker
Jack Sears

Mayor Martin called the regular meeting to order at 7:00 P.M. Roll call by City Recorder, Kathleen Scott – Councilman Brown absent.

Pledge of Allegiance
Invocation by Councilman Sears

Minutes of the February 14, 2006, special (budget) meeting were considered. Councilman Parker called for a correction, change the meeting time from 6:00 P.M. to 7:00 P.M. Motion made by Councilman Parker to accept the minutes, with the correction, seconded by Councilman Ellison. Motion carried.

Minutes of the February 14, 2006, regular meeting were considered. Motion made by Councilman Parker to accept the minutes as presented, seconded by Councilwoman Bailey. Motion carried.

The Financial Report for the month of February, 2006, was considered. Motion made by Councilman Ellison to accept the report as presented, seconded by Councilman Sears. Motion carried.

Budget Revisions – City Auditor Misiti presented Council with revisions to the 2006 fiscal year budget. The General Fund budget will increase $94,500 for a total of $712,606; and corresponding expenditures line will increase $94,500 for a total of $712,606. The provisions are due to increases in

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 March 14, 2006, at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Norville Ellison
City Auditor: Larry Misiti	Malcolm Parker
City Attorney: John Shumate	Jack Sears
City Chief of Police: Mitch Canterbury	
City Treasurer:	

revenues and approximately $51,000 in grant monies. Motion made by Councilman Sears to accept the 2006 Fiscal Year Budget as presented, seconded by Councilman Parker. Motion passed.

Kilsyth Sewer Extension Project – Zane Summerfield, Pentree Engineering, gave an update on the project. He had been informed that the City will receive the additional funds requested for the project from the Army Corp of Engineers. Mayor Martin received written notice of the same. Mr. Summerfied estimated the project will go out to bid before the end of the year and completion of the project 12 months later.

Approval of A Resolution for Television Franchise – Attorney Shumate reviewed the paperwork for considering a resolution to transfer the assignment of Charter Communications Cable Television's franchise system, which services the City of Mt. Hope, to Cebridge Acquisition Co. Motion made by Councilman Parker to pass a resolution allowing assignment of the Charter Communications Franchise and System to Cebridge Acquisition Co., motion seconded by Councilwoman Bailey. Motion carried.

Flex- E Grant Invoice - Rebecca Dean presented Council a reimbursement invoice of $421.88 against the Flex-E Grant funds. Motion made by Councilman Parker to approve the $421.88 Flex-E Grant reimbursement invoice presented by Rebecca Dean, seconded by Councilwoman Bailey. Motion passed. Councilman Ellison had discussion on giving Mrs. Dean a

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title because of her position with the Mt. Hope Steering Committee. Consensus for the title was, Coordinator of Special Projects. Councilman Ellison requested an accountability clarification for the spending of Flex-E Grant funds. Mrs. Dean made clarification by explaining her accountability to the grantee, WV State Office of Economic Development, which required a line item budget in the grant application. That budget can not be altered without the approval of the WVSOED.

Invoice from Floyd Browne Group – Mayor Martin presented a $2,566.79 invoice from Floyd Browne Group, for Sidewalk Project engineering services, from the Transportation Enhancement Grant. Motion to approve payment of the $2,566.79 invoice from Floyd Browne Group, for engineering services, made by Councilman Sears, seconded by Councilman Ellison. Motion carried.

Ordinance to Increase Sewer/Water Rates – City Attorney Shumate presented Council a recommendation to increase sewer and water rates, to cover additional cost for the Kilsyth Sewer Extension Project. The recommendation calls for an increase of 3% for water and 15% for sewer. Mike Bass prepared the Rule 42 Exhibit which will be part of the presentation to the Public Service Commission. Attorney Shumate presented the following schedule for readings: first reading to be held at the current, March 14th meeting; the second reading to be held at a special March 28th meeting; and the third, the final reading and passage, to be held at the regular scheduled April ~~10~~ 11th meeting. Motion made by Councilman Sears to

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City Treasurer:	

hear the first reading to amend and approve a 15% sewer rate increase to the City of Mt. Hope's sewer rates ordinance, seconded by Councilwoman Bailey. Motion carried. Motion made by Councilman Parker to hear the first reading to amend and approve a 3% water rate increase to the City of Mt. Hope's water rates ordinance, seconded by Councilwoman Bailey. Motion carried. A special meeting to have the second readings will be held Tuesday, March 28, 2006, 7:00 P.M.

Building Inspector Swearing In – Prior to the swearing in, City Building Inspector Wickline presented Council a report from his department. In an attempt to get cooperation from owners of blighted residential and commercial buildings, twenty-five (25) letters were mailed to building owners. The letters informed owners that their unoccupied buildings have fallen into disrepair and have become negative imagery to the City, and the City would like to work with them to alleviate the problems. If there is a poor response, Councilman Sears recommended a second mailing, with letters being sent by both regular and registered mail. The swearing in of City Building Inspector Wickline, was performed by Mayor Martin at 7:45 P.M.

Mt. Hope Fire Department – No report

City Attorney – Attorney Shumate had discussion on a letter he has to send to the PSC regarding the City having obtained 80% of the easements for the Kilsyth Sewer Extension Project. Information regarding the certification of

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MOUNT HOPE, WEST VIRGINIA

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	Councilpersons
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of that percentage having been recorded in the County Clerks Office, will also be included in the letter. Attorney Shumate told Council because the City has some water only and some sewer only customers, the October, 2005 ordinance to increase a combined sewer and water rate, to $100 dollars, for new customers deposits, needs to be amended to reflect separate rates. A separate $50 dollar sewer rate deposit and a separate $50 dollar water rate deposit. Readings for the amendments to the ordinance can follow the same schedule as the sewer rate and water rate increases ordinances. Motion made by Councilman Parker to have the first reading for an amendment to Section IV of the Sewer Ordinance relating to a cash security deposit of fifty ($50.00) dollars charged to new sewer customers, seconded by Councilman Sears. Motion carried. Motion made by Councilwoman Bailey to have the first reading for an amendment to Section IV of the Water Ordinance relating to a cash security deposit of fifty ($50.00) dollars charged to new water customers, seconded by Councilman Parker. Motion passed.

Police Report – Chief of Police Canterbury presented his report for the month of February, 2006. Citations written were up from 318 in January to 384 in February. There were 9 arrest made, up from 7 in January. Chief Canterbury advised Council his departments Click It or Ticket It program will run from March through April. Because the program calls for overtime, the cost for it may cause an over-budget. His budget is in good shape, the funds obtained from this type of program is not reflected back into his

Kathleen Scott
Recorder

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

April 27, 2006

STATE OF WEST VIRGINIA
COUNTY OF FAYETTE, to wit:

I, Susie Mercer, being duly sworn upon my oath, do depose and say that I am 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 ar county; that such newspaper averages in length four or more pages, exclusive any cover, per issue; that such newspaper is circulated to the general public a definite price of consideration; that such newspaper is a newspaper to which general public resorts for passing events of a political, religious, commercial social nature, and for current happenings, announcements, miscellaneous read ing matters, advertisements and other notices; that the annexed notice

of PUBLIC NOTICE OF CHANGE IN RAT
(Description of notice)

was duly published in said newspaper once a week for two succes

weeks (Class 2), commencing with the issue of the 20th day

April, 2006, and ending with the issu

of the 27th day of April, 2006, (and was posted at t

Fayette County Courthouse

on the 27th day of April, 2006); that said annex

notice was published on the following dates:

04/20/06,04/27/06 and that the

cost of publishing said annexed notice as aforesaid was $ 147.16

Signed Susie Mercer
Susie Mercer
Legal Clerk
Beckley Newspapers

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

My commission expires March 07, 2011

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. SLONE
BECKLEY NEWSPAPERS
P. O. Box 812
BECKLEY, WV 25802
My commission expires March 07, 2011

Notary Public of Raleigh County, West Virginia

COPY OF PUBLICATION

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the City of Mount Hope, West Virginia, a public utility, has adopted by ordinance on April 11, 2006, a tariff containing increased rates, tolls and charges for furnishing water service to 806 customers at Mount Hope, Kilsyth, Price Hill, in the County(ies) of Fayette and Raleigh.

The proposed increased rates and charges will become effective forty-five (45) days from passage, unless otherwise ordered by the Public Service Commission and will produce approximately $15,613.74 annually in additional revenue, an increase of 3%. The average monthly bill for the various classes of customers will be changed as follows:

FIRST: 2,000 gallons used per month $9.25 per 1,000 gallons
($) INCREASE $0.25
(%) INCREASE 3%
NEXT: 8,000 gallons used per month $7.55 per 1,000 gallons
($) INCREASE $0.22
(%) INCREASE 3%
ALL OVER: 10,000 gallons used per month $5.40 per 1,000 gallons
($) INCREASE $0.18
(%) INCREASE 3%

The above schedule is subject to a minimum charge of $18.50 per month.

The above schedule is subject to a cash security deposit of Fifty Dollars ($50.00) for any water service and refunded with interest when so entitled for all general, domestic, commercial and industrial service.

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

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

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

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

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

A complete copy of the proposed rates, as well as a representative of the City of Mount Hope to provide any information requested concerning it, is available to all customers, prospective customers or their agents as City Hall, 609 Main Street, Mount Hope, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Secretary of the Public Service Commission at 201 Brooks Street P. O. Box 812, Charleston West Virginia.

04-27-THUR-2-FT; LG 296

PUBLIC NOTICE OF CHANGE IN RATES BY MUNICIPALITIES

NOTICE is hereby given that the City of Mount Hope, West Virginia, a public utility, has adopted by ordinance on April 11, 2006, a tariff containing increased rates, tolls and charges for furnishing sewer service to 510 customers at Mount Hope in the County of Fayette.

The proposed increased rates and charges will become effective forty-five (45) days from passage, unless otherwise ordered by the Public Service Commission and will produce approximately $48,295.85 annually in additional revenue, an increase of 15%. The average monthly bill for the various classes of customers will be changed as follows:

		($) INCREASE	(%) INCREASE
FIRST:	2,000 gallons used per month $7.00 per 1,000 gallons	$1.00	17%
NEXT:	8,000 gallons used per month $6.26 per 1,000 gallons	$0.82	15%
ALL OVER:	10,000 gallons used per month $5.00 per 1,000 gallons	$0.29	6%

The above schedule is subject to a minimum charge of $14.00 per month.

The above schedule is subject to a cash security deposit of Fifty Dollars ($50.00) for any sewer service and refunded with interest when so entitled for all general, domestic, commercial and industrial service.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive

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

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

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

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

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

A complete copy of the proposed rates, as well as a representative of the City of Mount Hope to provide any information requested concerning it, is available to all customers, prospective customers or their agents as City Hall, 609 Main Street, Mount Hope, West Virginia.

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COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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CITY OF MOUNT HOPE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MOUNT HOPE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the 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 that:

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of certain improvements to its sewer system including 4,505 linear feet of 6-inch SDR-35 PVC, 25,642 linear feet of 8-inch SDR-35 PVC, 153 service connections, 88 –foot (diameter) manholes for the collection line portion of the project, and upgrades through the installation of a belt press and modification of the aerobic digester, and all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program) (the "Series 2007 A Bonds"), in the total aggregate principal amount of not more than $800,000, initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2007 A Bonds Reserve Account (as hereinafter defined); engineering and

legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties (the "~~Loan~~ Agreement"), approved hereby if not previously approved by resolution of the Issuer. Bond Purchase

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge, source of and security for payment, being the (i) Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 20, 1999, issued in the original principal amount of $1,490,000 (the "Series 1999 A Bonds"); and (ii) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, issued in the original principal amount of $1,285,000 (the "Series 2002 A Bonds"). The Series 1999 A Bonds and the Series 2002 A Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2007 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2007 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met; and (ii) the written consent of the Registered Owners of the Series 1999 A Bonds to the issuance of the Series 2007 A Bonds on a parity with the Series 1999 A Bonds. No written parity consent is required for the Series 2002 A Bonds. Other than the Prior Bonds, there

are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Prior Bonds and the Series 2007 A Bonds and to make all payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2007 A Bonds or such final order will not be subject to appeal.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 2007 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such 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 2007 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2007 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds for all or a portion of the proceeds of the Series 2007 A Bonds from the Authority.

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

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

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

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

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

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

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

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenue" 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 service.

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

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

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means the City of Mount Hope, a municipal corporation and political subdivision of the State of West Virginia, in Fayette County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Board of the Issuer.

"Loan Agreement" means the bond purchase agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2007 A Bonds from the Issuer by the

Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 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 2007 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar, at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in

Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Registered Owners of any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2007 A Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1999 A Bonds and the Series 2002 A Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted May 4, 1999, the supplemental resolution of the Issuer adopted May 18, 1999, the ordinance of the Issuer enacted December 10, 2002, and the supplemental resolution of the Issuer adopted December 10, 2002, authorizing the issuance of the Prior Bonds.

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

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

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

"PSC Order" means, collectively, the final order or orders of the PSC, granting the Issuer a certificate of convenience and necessity to acquire and construct the Project and approving the financing for the Project.

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the 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 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 gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Prior Bonds and the Series 2007 A Bonds.

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

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

"Series 1999 A Bonds" means the Issuer's Waterworks and Sewerage System Revenue Bonds, Series 1999A (West Virginia SRF Program), dated May 20, 1999, issued in the original principal amount of $1,490,000.

"Series 2002 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, issued in the original principal amount of $1,285,000.

"Series 2007 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2007 A Bonds Construction Trust Fund" means the Series 2007 A Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 2007 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Prior Bonds and the Series 2007 A Bonds.

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

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the 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

shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $800,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2007 A Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the DEP and the Authority.

The cost of the Project is estimated to be approximately $4,334,102, of which not more than $800,000 will be obtained from proceeds of the Series 2007 A Bonds, approximately $1,162,502 will be obtained from proceeds of the Army Corp of Engineers grant, approximately $325,000 will be obtained from proceeds of the West Virginia Department of Environmental Protection grant, approximately $1,500,000 will be obtained from proceeds of the Small Cities Block grant, and approximately $700,000 from the proceeds of an Appalachian Regional Commission Grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2007 A Bonds, funding the Series 2007 A Bonds Reserve Account, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2007 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2007 A Bonds of the Issuer. The Series 2007 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bond, Series 2007 A (West Virginia SRF Program)," in the principal amount of not more than $800,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds remaining after funding of the Series 2007 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, on the Series 2007 A Bonds shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2007 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2007 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2007 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds. The Series 2007 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the

dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2007 A Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2007 A Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2007 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2007 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2007 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

In all cases in which the privilege of exchanging Series 2007 A Bonds or transferring the registered Series 2007 A Bonds is exercised, all Series 2007 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2007 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2007 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2007 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2007 A Bonds or, in the case of any proposed redemption of Series 2007 A Bonds, next preceding the date of the selection of Series 2007 A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2007 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the System as herein provided. No Registered Owner of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds shall be secured 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 Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2007 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds to the original purchasers upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate, register and deliver the Series 2007 A Bonds to the original purchasers.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this __day of _____, 200_, the CITY OF MOUNT HOPE, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,490,000; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2002 A, DATED DECEMBER 1, 2002, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,285,000; (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of this Bond. 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 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, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 A Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the

reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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 this Bond.

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

IN WITNESS WHEREOF, the CITY OF MOUNT HOPE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated as of the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2007.

_____, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19) $	
(2)$		(20) $	
(3)$		(21) $	
(4)$		(22) $	
(5)$		(23) $	
(6)$		(24) $	
(7)$		(25) $	
(8)$		(26) $	
(9)$		(27) $	
(10)$		(28) $	
(11)$		(29) $	
(12)$		(30) $	
(13)$		(31) $	
(14)$		(32) $	
(15)$		(33) $	
(16)$		(34) $	
(17)$		(35) $	
(18)$		(36) $	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and ratified and incorporated into this Bond Legislation. The Series 2007 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. To provide funds for paying the costs of acquisition and construction of the Project when funds from the permanent financing or any grants are temporarily not available therefor, the Issuer is hereby authorized to arrange for a line of credit in an amount not to exceed $800,000 (the "Line of Credit"). The amount and terms of the Line of Credit shall be approved by a resolution supplemental hereto. For the purpose of evidencing any draw upon the Line of Credit, there may be issued a note of the Issuer in an amount and upon such terms as set forth in a resolution supplemental hereto (the "Note"). The text of the Note, the Line of Credit Agreement and all other documents relating thereto shall be in substantially the forms set forth in a resolution supplemental hereto. The principal of and interest on the Note are payable solely from and secured by a first lien on the proceeds of the Series 2007 A Bonds or any grants for the Project. No Owner of the Note shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Note or any interest thereon.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (created by the Prior Ordinances);

(2) Renewal and Replacement Fund (created by the Prior Ordinances); and

(3) Series 2007 A Bonds Construction Trust Fund.

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

(1) Series 2007 A Bonds Sinking Fund; and

(2) Series 2007 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and in this Bond Legislation. 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, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2002 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of interest on the Series 2002 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1999 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 1999 A Bonds; (ii) for deposit in the Series 2002 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of principal of the Series 2002 A Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1999 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) for deposit in the Series 2002 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2007 A Bonds Reserve Requirement.

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

hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2007 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds as the same shall become due. Moneys in the Series 2007 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2007 A Bonds, as the same shall come due, when other moneys in the Series 2007 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2007 A Bonds Sinking Fund and Series 2007 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2007 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2007 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2007 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2007 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 Series 2007 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay any 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 2007 A Bonds Sinking Fund or the Series 2007 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Prior Bonds and Series 2007 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds

Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds Outstanding under the conditions and restrictions set forth herein.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

E. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

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

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

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

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. From the moneys received from the sale of the Series 2007 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2007 A Bonds, there shall be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2007 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2007 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so transferred or expended, are hereby pledged as additional security for the Series 2007 A Bonds.

D. After completion of acquisition and construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2007 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the Series 2007 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Series 2007 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2007 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2007 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2007 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Series 2007 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds shall be secured 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 Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2007 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on April 11, 2006, and the water rate ordinance of the Issuer enacted April 11, 2006, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2007 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2007 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2007 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2007 A Bonds, immediately be remitted to the Commission for deposit in the Series 2007 A Bonds Sinking Fund and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2007 A Bonds. Any balance remaining after the payment of the Series 2007 A Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price 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 Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, 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 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 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2007 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2007 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2007 A Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for

payment of the Series 2007 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding any Bonds outstanding 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 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, if any, shall be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Registered Owners of the Series 2007 A Bonds and the Registered Owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinances. 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 Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2007 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2007 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinances, shall have been

made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the 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 Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The 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 of the Series 2007 A Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2007 A Bonds, and shall mail in each year to any Registered

Owner of the Series 2007 A Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2007 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2007 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Loan Agreement or as promulgated from time to time.

The Issuer 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 and commencement of operation of the Project, the Issuer shall also provide the Authority and the DEP, or their

agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2007 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of the 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest, if any, on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2007 A Bonds, including the Prior 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, if any, on the Series 2007 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2007 A Bonds, including the Prior Bonds.

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 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days

of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the 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 by a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Registered Owner of any Bonds, within 30 days of adoption thereof, 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 DEP, the Authority and any Registered Owner of any Bonds, or anyone acting for and on behalf of such Registered Owner.

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

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

Section 7.13. Enforcement of Collections. The 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 PSC and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, discontinue and shut off the services of the System, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty

charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2007 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the amount of any construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other state, federal or local bodies in regard to the

acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. [Reserved]

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

Section 7.21. Statutory Mortgage Lien. For the further protection of the Registered Owners of the Series 2007 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2007 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2007 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2007 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2007 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007

A Bonds as a condition to issuance of the Series 2007 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2007 A Bonds as may be necessary in order to maintain the status of the Series 2007 A Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2007 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2007 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2007 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2007 A Bonds:

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

(2) If default occurs in the Issuer's observance of any of the covenants agreements or conditions on its part relating to the Series 2007 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Registered Owner of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2007 A Bonds may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2007 A Bonds shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2007 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Series 2007 A Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with the power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate and 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 exercise.

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign,

mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Registered Owners of the Series 2007 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Series 2007 A Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2007 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2007 A Bonds from gross income of the Registered Owners thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2007 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2007 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. Except for the Prior Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance in the form set forth in Exhibit A attached hereto and incorporated herein by reference, shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Fayette Tribune, a qualified newspaper of general circulation in the City of Mount Hope, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2007 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, 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 Governing Body for review by interested persons during office hours of the Governing Body. The Governing Body hereby determines that the abstract of this Ordinance as set forth in Exhibit A contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

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

Passed on First Reading: June 12, 2007

Passed on Second Reading: June 19, 2007

Passed on Final Reading
Following Public Hearing: July 10, 2007

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF MOUNT HOPE on the 10th day of July, 2007.

Dated: 11/13, 2007.

[SEAL]

Kathleen Scott
Recorder

EXHIBIT A

CITY OF MOUNT HOPE

NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on June 19, 2007, the Council of the City of Mount Hope (the "Issuer"), adopted an ordinance which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage portion of the Issuer's existing public combined waterworks and sewerage system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $800,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement for the Bonds; authorized the execution and delivery of the Loan Agreement.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses and debt service on the Bonds; directed the creation of a sinking fund, a reserve account and a renewal and replacement fund for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the 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 Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the holders of the Bonds to the Net Revenues of the System; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer 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 July 10, 2007, at 7 p.m., in the Housing Authority Community Room on Terrace Drive, 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 is on file with the Recorder for review by interested persons during the office hours of the City Hall.

_____

Recorder

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF MOUNT HOPE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM); AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the City of Mount Hope (the "Issuer") has duly and officially passed a Bond Ordinance on July 10, 2007, effective July 10, 2007 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF MOUNT HOPE AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS

RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $800,000 (the "Bonds" or the "Series 2007 A Bonds"), and has authorized the execution and delivery of a bond purchase agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF 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 (the "Notice") was duly published in the Fayette Tribune, a qualified newspaper of general circulation in the Issuer, with the first publication thereof being not less than 10 days before the day set by the Bond 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 Bond Ordinance and the Notice for the public hearing, and a copy of the Affidavit of Publication reflecting such publications is incorporated herein by reference;

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

(C) In Mt. Hope Housing Authority, Community Room, Mount Hope, West Virginia, on July 10, 2007, at 6:30 p.m., prevailing time, in accordance with the Bond Ordinance and the Notice, the Council met for the purpose of hearing protests and suggestions regarding whether the Bond 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 Bond Ordinance and no written protest with regard thereto was filed by 30 percent or more of the freeholders of the Issuer; and

(E) The Bond Ordinance shall be put into effect as of the date hereof and the Bonds contemplated thereby shall be issued, all as provided in the Bond 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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $646,600. The Bonds shall be dated the date of delivery, shall finally mature March 1, 2039, shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Issuer hereby approves and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Bonds set forth in the Schedule Y attached to the Loan Agreement. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and

otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Bonds.

Section 3. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 4. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. The Issuer hereby appoints and designates Bank of Mt. Hope, Mt. Hope, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 10. The remaining proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2007 A Bonds Construction Trust Fund, as received from time to time for payment of costs of the Project, including costs of issuance of the Bonds.

Section 11. 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 Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about November 28, 2007.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2007 A Bonds Sinking Fund and the Series 2007 A Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

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

Adopted this 13th day of November, 2007.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the CITY OF MOUNT HOPE on the 13th day of November, 2007.

Dated this 13 day of November, 2007.

[SEAL]

Kathleen Scott
Recorder

CITY OF MOUNT HOPE 2.9
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION

On this 13th day of November, 2007, 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 13th day of November, 2007, in Mount Hope, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Michael Martin	-	Mayor
	Kathleen Scott	-	Recorder
	Steve Brown	-	Council Member
	Norville Ellison	-	Council Member
	Edith Bailey	-	Council Member
	Mal Parker	-	Council Member
	Jack L. Sears	-	Council Member

ABSENT: None

The Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE CITY OF MOUNT HOPE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM); AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

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 further 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 as of the date first written above.

Kathleen Scott

Recorder

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, July 10, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor:	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney:	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

City Recorder Kathleen Scott called the regular meeting to order at 7:00 P.M. Roll call by Recorder, Kathleen Scott – Mayor Martin absent.

Pledge of Allegiance
Invocation by Councilwoman Bailey

Minutes of the June 12, 2007, regular meeting were considered. Discussion held by Councilwoman Bailey. Motion made by Councilwoman Bailey to accept the minutes as presented, seconded by Councilman Parker. Motion passed.

Minutes of the June 19, 2007, special meeting were considered. Motion made by Councilman Parker to accept the minutes as presented, seconded by Councilman Sears. Motion carried.

The Financial Report for the Month of June 2007 was considered. Motion made by Councilman Ellison to accept the financial report as presented, seconded by Councilman Sears. Motion passed.

Kilsyth Sewer Extension Project Bond Ordinance: Motion made by Councilman Sears to hear the third reading for passage of a Bond Ordinance of the City of Mt. Hope, which will authorize the acquisition through the issuance of not more than $800,000.00 in aggregated principal amount of a Sewer Bond of the City of Mt. Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007A through the West Virginia State Revolving Fund (SRF) Program; seconded by Councilman Parker. Motion passed.

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, July 10, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor:	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney:	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

Motion made by Councilman Parker to hear a third reading for passage of a Bond Ordinance of the City of Mt. Hope to increase sewer rates to be enacted by the City Council of the City of Mt. Hope, WV, with new sewer rates for the customers of the City of Mt. Hope Waterworks and Sewerage System for general, domestic and industrial service: first, 2,000 gallons used per month @ $7.25 per 1,000 gallons, next 8,000 gallons used per month @ $6.51, all over, 10,000 @ $5.25 per 1,000 gallons, and the schedule subject to a minimum charge of $14.50 per month, the ordinance to become effective forty-five (45) days from passage; seconded by Councilwoman Bailey. Motion passed. Alice King presented sewer project invoices to be paid: a) requisition #14 for 5% closing fees @ $11,830 for construction cost; b) requisition to close loan – fees total @ 36,219.71, of which $3,889.71 to be paid by Small Cities Grant, and $32,330.00 to be paid by Streams Restoration Fund. Motion made by Councilman Parker to pay requisitions presented by Alice King, seconded by Councilwoman Bailey. Motion passed.

Purchase of 2007 GMC Sierra from State of WV contract – City Treasurer Barbara Price had discussion on the purchase and WV Sate contract procedures. Motion made by Councilman Parker to purchase the 2007 GMC Sierra truck, seconded by Councilman Brown. Motion carried with opposition by Councilman Ellison (note insufficient information).

Council Approval to Pay Floyd Browne Group Invoices: Motion made by Councilman Ellison to pay invoice #0043594 from the Interpretive Park Grant for a total of $8,000.00; and invoice #0043601 from the Sidewalk Project Grant for a total of $500.00, seconded by Councilman Parker. Motion carried.

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, July 10, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor:	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney:	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

Mt. Hope Fire Department – no report

City Attorney – no report

Police Report – Chief of Police Canterbury presented the month of June, 2007 report. 257 Citations written; 207 general service calls; 2 DUI's; 1 drug charge; and 4 arrests. Councilman Ellison and Councilman Parker had discussion on ATV's.

Citizens Bringing Business before Council:

Sudana Green – Thank you from Mt. Hope Business Association and follow up on Community Center Director position.

Linda Brown – Need for overgrowth and trash removal from sidewalks and side of streets/roads. Dearing Building purchase.

Mindy Derringer – City wide clean-up/Business Association

Howard Scott – Towing of abandoned automobiles (assign someone else to head the project since Officer Lowe is no longer in charge.)

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

A Public Hearing on Wastewater Rate Increase for the City of Mount Hope was held in City Hall on, July 10, 2007 at 6:30 P.M., the following being present:

	Councilpersons
Mayor:	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney:	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police:	

Citizen Howard Scott: clarification

No other public comment was made.

Public in attendance: Howard Scott, Zane Summerfield, Samme Gee, and Alice King

Public hearing for wastewater rate increase for the City of Mount Hope concluded at 7:00 P.M.

Kathleen Scott

Kathleen Scott, Recorder

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, June 19, 2007 at 6:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	
City Treasurer:	
City Chief of Police:	

Mayor Martin called the special meeting to order at 6:00 P.M. Roll call by City Recorder, Kathleen Scott, with Councilpersons Bailey and Sears absent.

Zane Summerfield, Pentree Engineering, Inc. presented a copy of Rule 42 as prepared by his accountant in which a correction was made - twenty-two cents ($.22) per thousand gallons to twenty-five cents ($.25) per thousand gallons.

Bond Ordinance second Reading: Motion made by Councilman Parker to hear the second reading for adoption of a Bond Ordinance of the City of Mt. Hope, to Increase Sewer rates to be enacted by the City Council of the City of Mt. Hope, WV, with new sewer rates for the customers of the City of Mt. Hope waterworks and sewerage system for general, domestic and industrial service: first, 2,000 gallons used per month @ $7.25 per 1,000 gallons, next 8,000 gallons used per month @ $6.51, all over, 10,000 @ $5.25 per 1,000 gallons, and the schedule subject to a minimum charge of $14.50 per month, the ordinance to become effective forty-five (45) days from passage; seconded by Councilman Ellison. Motion passed.

Sewer Bond Second Reading: Motion made by Councilman Parker to hear the second reading to authorize the acquisition through the issuance of not more than $800,000.00 in aggregated principal amount of a Sewer Bond of the City of Mt. Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007A West Virginia State Revolving Fund (SRF) Program; seconded by Councilman Ellison. Motion passed.

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, June 19, 2007 at 6:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Steve Brown
City Recorder: Kathleen Scott	Norville Ellison
City Auditor:	Malcolm Parker
City Attorney: John Shumate	
City Treasurer:	
City Chief of Police:	

Public Meeting: Motion made by Councilman Parker to hold a Bond Ordinance public meeting, Tuesday, July 10, 2007, 6:30 P.M., prior to the Regular City Council meeting, at City Hall, seconded by Councilman Brown. Motion passed.

Motion made by Councilman Parker to adjourn the meeting, seconded by Councilman Brown.

Adjournment at 6:30 P.M.

Kathleen Scott

Kathleen Scott, Recorder

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, June 12, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

Mayor Martin called the regular meeting to order at 7:00 P.M. Roll call by City Recorder, Kathleen Scott – all present.

Pledge of Allegiance
Invocation by Councilman Sears

Minutes of the May 8, 2007, regular meeting were considered. Councilwoman Bailey called to remove Councilwoman Bailey tardy from p.1, line 2. Councilman Parker called to change Fayette County Schools, to City of Mt. Hope, p. 4, line 2. Motion made by Councilman Parker to accept the minutes with corrections, seconded by Councilwoman Bailey. Motion passed.

The Financial Report for the Month of May 2007 was considered. Motion made by Councilman Ellison to accept the financial report with notes, seconded by Councilman Sears. Motion passed.

Kilsyth Sewer Extension Project: Mr. Zane Summerfield, Pentree Engineering, Inc. presented a bid update – low bid @ $1,658,310 after $778,600 deductions. Due to four years of inflations/cost adjustments, the project is $153,000 short of the cost amount. Summerfield's recommendation to continue the project would be to increase sewer rates by twenty-two cents ($.22) per thousand gallons with an approximate average increase of $.66 per billing period. Funding could be obtained by securing a loan from the State Revolving Fund @ 1% over 30 years. Attorney Shumate had discussion on the necessary procedures for increasing sewer rates and obtaining the bond. Motion made by Councilman Sears to proceed with the Kilsyth Sewer Extension Project, by following the

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, June 12, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

recommendation as presented and request the additional funding be made by increasing the City's sewer rate by twenty-two cents ($.22) per thousand gallons, seconded by Councilman Parker. Discussion held by Councilman Brown. Discussion held by Alice King. Motion passed. Motion made by Councilman Sears to have the first reading of an ordinance to increase waste-water (sewer rates) for the City, seconded by Councilman Parker. Motion passed. Jackson Kelly Bond Counselor S. Gee, had discussion on the City of Mt. Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), Bond Ordinance, Article I, p. 1 through Article XI, p. 57. Presented the proposed Bond Ordinance of the City of Mt. Hope, to Increase Sewer rates to be enacted by the City Council of the City of Mt. Hope, WV, with new sewer rates for the customers of the City of Mt. Hope waterworks and sewerage system for general, domestic and industrial service: first, 2,000 gallons used per month @ $7.25 per 1,000 gallons, next 8,000 gallons used per month @ $6.51, all over, 10,000 @ $5.25 per 1,000 gallons, and the schedule subject to a minimum charge of $14.50 per month; the ordinance to become effective forty-five (45) days from passage. Motion made by Councilman Sears to accept the first reading of the Bond Ordinance, as read by Ms. Gee, seconded by Councilman Brown. Motion passed. Mrs. Gee presented Council, for consideration, a proposed Rules of Procedure of the City of Mt. Hope Resolution to establish rules by which the date, time, place and agenda of all regularly scheduled meetings are to be made available, in advance, to the public and news media and providing when the resolution and such rules shall take effect, Sections 1 – Section 6. Motion made by Councilman Ellison to pass the resolution as presented, seconded by Councilman Parker. Motion passed. Motion made by Councilman Parker to have a special meeting to hear

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, June 12, 2007 at 7:00 P.M., the following being present:

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Mayor: Michael Martin	Edith Bailey
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City Attorney: John Shumate	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

the second reading of the Bond Ordinance on Tuesday, June 19, 2007, 6:00 p.m., in City Hall; seconded by Councilman Brown. Motion carried.

Budget Revisions: City Auditor Larry Misiti presented a budget revision for the current fiscal year. Total Revenues revision of $96,548 for a total revised amount of $756,517; total expenditures revised amount of $96,548 for a total expenditure amount of $756,517. Motion made by Councilman Parker to accept the budget revisions as presented, seconded by Councilwoman Bailey. Motion passed.

Council Approval to Pay Floyd Browne Group Invoice: Motion made by Councilman Parker to pay Floyd Browne Group invoice 0043366, in the amount of $5,500.00, from the Interpretive Park Grant, seconded by Councilwoman Bailey. Discussion held by Councilman Sears. Motion carried.

Water Leak Adjustment Policy Revision: City Clerk Polly Obugene presented a proposed Water Leak Adjustment Policy Resolution to adjust one (1) water and sewer bill, per calendar year; adjust the water and sewer bill on the basis of the estimation of historical bills; effective, immediately, only leaks determined to be outside of a residence or commercial building will be adjusted; effective January 1, 2008, no more swimming pools adjustments will be made; and a review of the policy will be made after a twelve (12) month test period, with appropriate adjustments or changes made if necessary. Motion made by

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

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City Attorney: John Shumate	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

Councilman Sears to accept the resolution as presented, seconded by Councilman Parker. Discussion held by Councilman Ellison. Motion passed.

Parking on Broad Street: Citizen Debbie Tate discussed parking on Broad Street. Mayor discussed City Right of Ways and will attempt to resolve the issues brought by Ms. Tate.

Rebecca Dean: Mayor Martin read a letter of resignation from Mt. Hope Community Interim Director Dean. Councilman Sears asked Mayor Martin to relay Councils thanks and appreciation for Mrs. Dean's time, successful projects, hard work and all of her efforts. Councilman Ellison had additional discussion.

John Romage, Representative, Community Center Job Description Committee: Mayor Martin asked for an additional committee meeting before addressing Council regarding advertising the position for Director of the Mt. Hope Community Center. A committee meeting was scheduled for 5:00 p.m., Tuesday, June 19, 2007 at the MHCC. Discussions by Councilman Ellison, John Romage, and Sudana Green.

Mt. Hope Merchants Association: Representative, Sudana Green requested additional trash cans be placed in event areas of town for the Association's July event. The Association requested advertising the July event on the next water bill. The Association will have an open to the public meeting, July 16, 2007, 5:30.

CITY OF MOUNT HOPE
MOUNT HOPE, WEST VIRGINIA

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Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

Mt. Hope Fire Department: No report

City Attorney: No additional report

Police Report: City Chief of Police Mitch Canterbury present the month of May, 2007 report. 325 Citations written, 215 general service calls, 1 drug charge, 3 destruction of property, 4 domestics, 3 accidents, and 4 (1 felony) arrests.

Citizens Bringing Business before Council:

Marc GrayEagle – Allegations against Chief Canterbury made a year ago by George Smith be lifted from the records since no witnesses or documentation, to back up verbal statements, have been presented to the Hearing Committee. Motion by Councilman Sears to lift from the records allegations made by George Smith against Chief Canterbury one year ago, seconded by Councilman Ellison. Councilman Sears called for a roll call vote, motion passed.

Jerry Birdsong – Loss of Police Officer

Neil Lewis – Automobile vandalized and street lighting

Councilman Sears – Rotation of officers on duty

Donna Dorado – Status of Middle School Building

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, June 12, 2007 at 7:00 P.M., the following being present:

	Councilpersons
Mayor: Michael Martin	Edith Bailey
City Recorder: Kathleen Scott	Steve Brown
City Auditor: Larry Misiti	Norville Ellison
City Attorney: John Shumate	Malcolm Parker
City Treasurer: Barbara Price	Jack Sears
City Chief of Police: Mitch Canterbury	

Citizens attending: 19

Citizens attended: Sudana Green, John Romage, Fran Birdsong, Jerry Birdsong, Mindy Derringer, Frederick Derringer, Marc GrayEagle, Wayne Smith, Howard Scott, Shelley Meredith, Ryan White, Donna Dorado, Ernest Wickline, Sr., Jaunita Wickline, Linda Brown, Deborah Tate, Velma Allen, Preston Porter, and Neil Lewis.

Motion made by Councilman Parker to adjourn, and seconded by Councilman Sears. Motion passed.

Adjournment at 8:50 P.M.

Kathleen Scott

Kathleen Scott, Recorder

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

July 05, 2007

STATE OF WEST VIRGINIA
COUNTY OF FAYETTE, to wit:

I, Edith Hall, being duly sworn upon my oath, do depose and say that I am Legal Advertising 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 CITY OF MOUNT HOPE NOTICE OF P
(Description of notice)

was duly published in said newspaper once a week for two successive weeks (Class 2), commencing with the issue of the 28th day of June, 2007, and ending with the issue of the 5th day of July, 2007, (and was posted at the Fayette County Courthouse on the 5th day of July, 2007); that said annexed notice was published on the following dates:

06/28/07,07/05/07 and that the cost of publishing said annexed notice as aforesaid was $134.58

Signed Edith Hall
Edith Hall
Legal Advertising Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
5th day of July, 2007

My commission expires March 27, 2011

Notary Public of Raleigh County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. STONE
BECKLEY NEWSPAPERS
P. O. BOX 2369
BECKLEY, WV 25802
My commission expires March 27, 2011

COPY OF PUBLICATION

000 LEGAL ADVERTISEMENTS

CITY OF MOUNT HOPE
NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on June 19, 2007, the Council of the City of Mount Hope (the "Issuer"), adopted an ordinance (the "Ordinance") which, among other things:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage portion of the Issuer's existing public combined waterworks and sewerage system (the "System") and the financing of the cost, not otherwise provided, thereof through the issuance of not more than $800,000 in aggregate principal amount of City of Mt. Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program) (the "Bonds").

2. Directed that the Bonds be issued in such principal amounts, bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution or in the Loan Agreement for the Bonds; authorized the execution and delivery of the Loan Agreement.

3. Directed the continuation of a revenue fund and the disposition of the revenues of the System; provided for the payment of operating expenses and debt service on the Bonds; directed the creation of a sinking fund, a reserve account and a renewal and replacement fund for the Bonds; directed the creation of a bond construction trust fund and the disbursement of Bond proceeds.

4. Provided that the 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 Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the holders of the Bonds to the Net Revenues of the Systems; provided certain conditions for the issuance of additional bonds.

5. Provided for insurance coverage on the Project and the System, enforcement of collection of rates and other charges for the System, and other covenants of the Issuer in favor of the registered owners of the Bonds.

6. Established the events of default and the remedies of the registered owners of the Bonds; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Issuer 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 at 6:30 p.m. on July 10, 2007, in the Housing Authority Community Room on Terrace Drive, 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 is on file with the Recorder for review by interested persons during the office hours of the City Hall.

By: /s/ Kathleen Scott
Recorder

7-5-THUR-2-FT; LE 346

NUMBER

AR-1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

No. AR-1 $646,600

KNOW ALL MEN BY THESE PRESENTS: That on this 28th day of November, 2007, the CITY OF MOUNT HOPE, a municipal corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of SIX HUNDRED FORTY-SIX THOUSAND SIX HUNDRED DOLLARS ($646,600), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2009, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

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

Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP dated November 1, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of this Bond and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on July 10, 2007, and a Supplemental Resolution duly adopted by the Issuer on November 13, 2007 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,490,000; AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2002 A, DATED DECEMBER 1, 2002, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,285,000; (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of this Bond. 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 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, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2007 A

SPECIMEN

Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

SPECIMEN

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 this Bond.

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

NUMBER

AR-1

SPECIMEN

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

[SEAL]

Mayor

ATTEST:

Kathleen Scott
Recorder

NUMBER

AR-1

SPECIMEN

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: November 28, 2007.

UNITED BANK, INC., as Registrar

By _____
Its Authorized Officer

NUMBER

AR-1

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19) $	
(2)$		(20) $	
(3)$		(21) $	
(4)$		(22) $	
(5)$		(23) $	
(6)$		(24) $	
(7)$		(25) $	
(8)$		(26) $	
(9)$		(27) $	
(10)$		(28) $	
(11)$		(29) $	
(12)$		(30) $	
(13)$		(31) $	
(14)$		(32) $	
(15)$		(33) $	
(16)$		(34) $	
(17)$		(35) $	
(18)$		(36) $	

TOTAL $

NUMBER

AR-1

SPECIMEN

EXHIBIT B
DEBT SERVICE SCHEDULE
$646,600
City of Mt. Hope
0% Interest Rate; 0.5% Administrative Fee; 30 Years
Closing Date: November 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	5,389.00	-	5,389.00
09/01/2009	5,389.00	-	5,389.00
12/01/2009	5,389.00	-	5,389.00
03/01/2010	5,389.00	-	5,389.00
06/01/2010	5,389.00	-	5,389.00
09/01/2010	5,389.00	-	5,389.00
12/01/2010	5,389.00	-	5,389.00
03/01/2011	5,389.00	-	5,389.00
06/01/2011	5,389.00	-	5,389.00
09/01/2011	5,389.00	-	5,389.00
12/01/2011	5,389.00	-	5,389.00
03/01/2012	5,389.00	-	5,389.00
06/01/2012	5,389.00	-	5,389.00
09/01/2012	5,389.00	-	5,389.00
12/01/2012	5,389.00	-	5,389.00
03/01/2013	5,389.00	-	5,389.00
06/01/2013	5,389.00	-	5,389.00
09/01/2013	5,389.00	-	5,389.00
12/01/2013	5,389.00	-	5,389.00
03/01/2014	5,389.00	-	5,389.00
06/01/2014	5,389.00	-	5,389.00
09/01/2014	5,389.00	-	5,389.00
12/01/2014	5,389.00	-	5,389.00
03/01/2015	5,389.00	-	5,389.00
06/01/2015	5,389.00	-	5,389.00
09/01/2015	5,389.00	-	5,389.00
12/01/2015	5,389.00	-	5,389.00
03/01/2016	5,389.00	-	5,389.00
06/01/2016	5,389.00	-	5,389.00
09/01/2016	5,389.00	-	5,389.00
12/01/2016	5,389.00	-	5,389.00
03/01/2017	5,389.00	-	5,389.00
06/01/2017	5,389.00	-	5,389.00
09/01/2017	5,389.00	-	5,389.00
12/01/2017	5,389.00	-	5,389.00
03/01/2018	5,389.00	-	5,389.00
06/01/2018	5,389.00	-	5,389.00
09/01/2018	5,389.00	-	5,389.00

NUMBER

AR-1

SPECIMEN

$646,600

City of Mt. Hope

0% Interest Rate; 0.5% Administrative Fee; 30 Years

Closing Date: November 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2018	5,389.00	-	5,389.00
03/01/2019	5,389.00	-	5,389.00
06/01/2019	5,388.00	-	5,388.00
09/01/2019	5,388.00	-	5,388.00
12/01/2019	5,388.00	-	5,388.00
03/01/2020	5,388.00	-	5,388.00
06/01/2020	5,388.00	-	5,388.00
09/01/2020	5,388.00	-	5,388.00
12/01/2020	5,388.00	-	5,388.00
03/01/2021	5,388.00	-	5,388.00
06/01/2021	5,388.00	-	5,388.00
09/01/2021	5,388.00	-	5,388.00
12/01/2021	5,388.00	-	5,388.00
03/01/2022	5,388.00	-	5,388.00
06/01/2022	5,388.00	-	5,388.00
09/01/2022	5,388.00	-	5,388.00
12/01/2022	5,388.00	-	5,388.00
03/01/2023	5,388.00	-	5,388.00
06/01/2023	5,388.00	-	5,388.00
09/01/2023	5,388.00	-	5,388.00
12/01/2023	5,388.00	-	5,388.00
03/01/2024	5,388.00	-	5,388.00
06/01/2024	5,388.00	-	5,388.00
09/01/2024	5,388.00	-	5,388.00
12/01/2024	5,388.00	-	5,388.00
03/01/2025	5,388.00	-	5,388.00
06/01/2025	5,388.00	-	5,388.00
09/01/2025	5,388.00	-	5,388.00
12/01/2025	5,388.00	-	5,388.00
03/01/2026	5,388.00	-	5,388.00
06/01/2026	5,388.00	-	5,388.00
09/01/2026	5,388.00	-	5,388.00
12/01/2026	5,388.00	-	5,388.00
03/01/2027	5,388.00	-	5,388.00
06/01/2027	5,388.00	-	5,388.00
09/01/2027	5,388.00	-	5,388.00
12/01/2027	5,388.00	-	5,388.00
03/01/2028	5,388.00	-	5,388.00
06/01/2028	5,388.00	-	5,388.00
09/01/2028	5,388.00	-	5,388.00
12/01/2028	5,388.00	-	5,388.00
03/01/2029	5,388.00	-	5,388.00
06/01/2029	5,388.00	-	5,388.00
09/01/2029	5,388.00	-	5,388.00

NUMBER

AR-1

$646,600

City of Mt. Hope

0% Interest Rate; 0.5% Administrative Fee; 30 Years

Closing Date: November 28, 2007

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2029	5,388.00	-	5,388.00
03/01/2030	5,388.00	-	5,388.00
06/01/2030	5,388.00	-	5,388.00
09/01/2030	5,388.00	-	5,388.00
12/01/2030	5,388.00	-	5,388.00
03/01/2031	5,388.00	-	5,388.00
06/01/2031	5,388.00	-	5,388.00
09/01/2031	5,388.00	-	5,388.00
12/01/2031	5,388.00	-	5,388.00
03/01/2032	5,388.00	-	5,388.00
06/01/2032	5,388.00	-	5,388.00
09/01/2032	5,388.00	-	5,388.00
12/01/2032	5,388.00	-	5,388.00
03/01/2033	5,388.00	-	5,388.00
06/01/2033	5,388.00	-	5,388.00
09/01/2033	5,388.00	-	5,388.00
12/01/2033	5,388.00	-	5,388.00
03/01/2034	5,388.00	-	5,388.00
06/01/2034	5,388.00	-	5,388.00
09/01/2034	5,388.00	-	5,388.00
12/01/2034	5,388.00	-	5,388.00
03/01/2035	5,388.00	-	5,388.00
06/01/2035	5,388.00	-	5,388.00
09/01/2035	5,388.00	-	5,388.00
12/01/2035	5,388.00	-	5,388.00
03/01/2036	5,388.00	-	5,388.00
06/01/2036	5,388.00	-	5,388.00
09/01/2036	5,388.00	-	5,388.00
12/01/2036	5,388.00	-	5,388.00
03/01/2037	5,388.00	-	5,388.00
06/01/2037	5,388.00	-	5,388.00
09/01/2037	5,388.00	-	5,388.00
12/01/2037	5,388.00	-	5,388.00
03/01/2038	5,388.00	-	5,388.00
06/01/2038	5,388.00	-	5,388.00
09/01/2038	5,388.00	-	5,388.00
12/01/2038	5,388.00	-	5,388.00
03/01/2039	5,388.00	-	5,388.00
Total	**$646,600.00**	-	**$646,600.00**

***Plus $407.48 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $48,897.60.**

NUMBER

AR-1

SPECIMEN

$646,600

City of Mt. Hope (West Virginia)

0% Interest Rate; 0.5% Administrative Fee; 30 Years

Closing Date: November 28, 2007

Debt Service Schedule

Part 4 of 4

Yield Statistics	
Bond Year Dollars	$10,593.06
Average Life	16.383 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	3.64E-12
Bond Yield for Arbitrage Purposes	3.64E-12
All Inclusive Cost (AIC)	0.4601078%

IRS Form 8038	
Net Interest Cost	-
Weighted Average Maturity	16.383 Years

NUMBER

AR-1

(Form of)

SPECIMEN

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

{C1280473.1}

BOND REGISTER 2.12

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF MOUNT HOPE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$646,600	November 28, 2007

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

Authorized Representative

1999

CITY OF MOUNT HOPE

BOND ORDINANCE

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

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Exhibit A - Project Description
Exhibit B - Notice of Public Hearing and Abstract of Bond Ordinance

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 Berglund, JR.
Recorder

Floyd Jones
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:

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

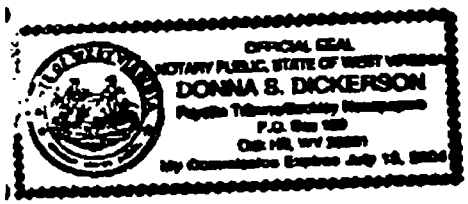
Fee For Publication: $ 92.75

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
Publisher

SIGNED AND SWORN TO AND BEFORE ME THIS

(Signed) _____
Notary Public



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

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. Kinnaze
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

WEST VIRGINIA
Water Development Authority
Celebrating 33 Years of Service 1974 - 2007

CITY OF MOUNT HOPE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon a certificate of Hess, Stewart & Campbell, PLLC, independent certified public accountants and opinion of Jackson Kelly PLLC, bond counsel, stating that the coverage and parity requirements have been met (copies attached), the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Series 1999 A Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program) (the "Bonds"), in the original principal amount of $646,600, 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), dated May 20, 1999 (the "Series 1999 A Bonds").

WITNESS my signature on this 28th day of November, 2007.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

CITY OF MOUNT HOPE 3.1
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENT
11. SPECIMEN BOND
12. BOND PROCEEDS; GRANTS
13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
14. LAND AND RIGHTS-OF-WAY
15. PUBLIC SERVICE COMMISSION ORDER
16. CONFLICTS OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. VERIFICATION OF SCHEDULE
19. CLEAN WATER ACT
20. COUNTERPARTS

On this 28th day of November, 2007, we, the undersigned MAYOR AND RECORDER of the City of Mount Hope in Fayette County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the City of Mount Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), numbered AR-1, dated the date hereof, in the principal amount of $646,600 (the "Bonds" or the "Series 2007 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly passed by the Issuer on July 10, 2007, the Supplemental Resolution duly adopted by the Issuer on November 13, 2007 (collectively, the "Ordinance"), and the bond purchase agreement by and among the Issuer, the West Virginia Water Development Authority (the

"Authority"), and the West Virginia Department of Environmental Protection ("DEP"), dated November 1, 2007 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Governing Body thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues, or the pledge and security of the Net Revenues for the Bonds.

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

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds as to liens, pledge, source of and security for payment, being the (i) Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated May 20, 1999, issued in the original principal amount of $1,490,000 (the "Series 1999 A Bonds"); and (ii) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A, dated December 1, 2002, issued in the original principal amount of $1,285,000 (the "Series 2002 A Bonds"). The Series 1999 A Bonds and the Series 2002 A Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2007 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met; and (ii) the written consent of

the Registered Owners of the Series 1999 A Bonds to the issuance of the Series 2007 A Bonds on a parity with the Series 1999 A Bonds. No written parity consent is required for the Series 2002 A Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Registrar did officially authenticate, register and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement.

6. RATES: The Issuer has duly enacted a sewer rate ordinance on October 29, 2007, and a water rate ordinance on May 25, 2006, setting forth the rates and charges for the services of the System. The Issuer has complied with all requirements of the Act and the Public Service Commission of West Virginia (the "PSC") to make the rates valid and effective. The time for appeal of such rate ordinances has expired and there has been no appeal thereof and such rates are in full force and effect.

7. 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	July 1, 2004	June 30, 2008
Recorder	Kathleen Scott	July 1, 2004	June 30, 2008
Council Member	Steve Brown	July 1, 2004	June 30, 2008
Council Member	Norville Ellison	July 1, 2004	June 30, 2008
Council Member	Edith Bailey	July 1, 2004	June 30, 2008
Council Member	Mal Parker	July 1, 2004	June 30, 2008
Council Member	Jack L. Sears	July 1, 2004	June 30, 2008

The duly appointed and acting Attorney for the Issuer is John H. Shumate, Jr., Esquire, of Mount Hope, West Virginia.

8. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at meetings of the Governing Body duly and regularly or specifically called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, and a quorum of duly elected or appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Loan Agreement. All insurance for the System required by the Ordinance and the Loan Agreement is in full force and effect.

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

11. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, is identical in all respects with the Bond this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

12. BOND PROCEEDS; GRANTS: On the date hereof, the Issuer received the sum of $32,330.00 from the Authority and the DEP, being a portion of the

principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses. As of the date hereof, the Army Corps Of Engineers grant in the amount of $1,162,502, the West Virginia Department of Environmental Protection grant in the amount of $325,000, the Small Cities Block grant in the amount of $1,500,000 and the Appalachian Regional Commission Grant in the amount of $700,000 are committed for the Project and in the full force and effect.

13. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the 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 July 10, 2007, at 6:30 p.m., prevailing time, in the Mt. Hope Housing Authority, Community Room in 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.

14. LAND AND RIGHTS-OF-WAY: All land, rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received a Recommended Decision dated November 1, 2006, which became the Final Order of the Commission on November 21, 2006, and the Recommended Decision dated November 1, 2007, which became the Final Order of the Commission on November 7,

2007, in Case No. 06-0826-S-N, which among other things, granted to the Issuer a certificate of public convenience and necessity for the Project and approved the financing for the Project. The time for appeal of the Final Order entered November 21, 2006, and November 7, 2007, respectively, has expired prior to the date hereof without any appeal having been filed. Such orders are in full force and effect.

16. CONFLICTS OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Ordinance, and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

18. VERIFICATION OF SCHEDULE: The final amended Schedule A attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

19. CLEAN WATER ACT: The Project as described in the Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

20. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of the Issuer as of the date first written above.

[SEAL]

Signature	Official Title
	Mayor
	Recorder
	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 15)

CITY OF MOUNT HOPE 3.2
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

On this 28th day of November, 2007, the undersigned Mayor of the City of Mount Hope in Fayette County, West Virginia (the "Issuer"), being the officials of the Issuer duly charged with the responsibility for the issuance of $646,600 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the Issuer, dated November 28, 2007 (the "Bonds" or the "Series 2007 A Bonds"), hereby certify as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings as set forth in the Bond Ordinance duly passed by the Issuer on July 10, 2007 (the "Bond Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on November 28, 2007, the date on which the Bonds are to be physically delivered in exchange for a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Department of Environmental Protection (the "DEP") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Bonds were sold on November 28, 2007, to the Authority, pursuant to a bond purchase agreement dated November 1, 2007, by and among the Issuer, the Authority, and the DEP, for an aggregate purchase price of $646,600 (100% of par value), at which time, the Issuer received $32,330 from the Authority and the DEP, being the first advance of the principal of the Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying costs of issuance of the Bonds and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition and construction of the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and proceed with due diligence to completion and, with the exception of proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of acquisition and construction of the Project on or before December 1, 2008. The acquisition and construction of the Project is expected to be completed by December 1, 2008.

8. The total cost of the Project is estimated to be $4,313,602.00. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Bonds	$646,600.00
Army Corps Of Engineers Grant	$1,162,502.00
Small Cities Block Grant	$1,500,000.00
West Virginia Department of Environmental Protection Grant	$325,000.00
Appalachian Regional Commission Grant	$700,000.00
Total Sources	$4,334,102.00

USES

Costs of Project	$4,313,602.00

Costs of Issuance	$20,500.00
Total Uses	$4,334,102.00

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued pursuant to the Prior Ordinances):

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2007 A Bonds Construction Trust Fund;

(4) Series 2007 A Bonds Sinking Fund; and

(5) Series 2007 A Bonds Reserve Account.

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2007 A Bonds Reserve Account.

(2) The balance of the proceeds of the Bonds will be deposited in the Series 2007 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of acquisition and construction of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

11. Moneys held in the Series 2007 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2007 A Bonds Reserve Account (if equal to the Series 2007 A Bonds Reserve Requirement) will be withdrawn therefrom, not less than once each year, and, during acquisition and construction of the Project, deposited into the Series 2007 A Bonds Construction Trust Fund, and following completion of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2007 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. 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.

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

20. The Issuer shall use the proceeds of the Bonds solely for the costs of acquisition and construction of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2007 A Bonds Reserve Account at 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 with the proceeds of the Bonds, or (b) created the Series 2007 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2007 A Bonds 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 Series 2007 A Bonds Reserve Account and the

Series 2007 A Bonds Sinking Fund 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.

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

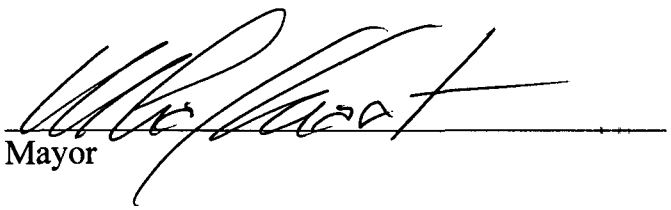
25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature as of the date first written above.

CITY OF MOUNT HOPE



Mayor

CERTIFICATE OF RECORDER AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

On this 28th day of November, 2007, 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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program) 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. Public Service Commission Order.

4. Infrastructure Council Approval Letter.

5. Bond Purchase Agreement.

6. Rate Ordinance.

7. Minutes of Council Meetings regarding All Readings and Public Hearing of the Rate Ordinance.

8. Affidavit of Publication of the Rate Ordinance and Notice of Public Hearing.

9. Bond Ordinance.

10. Supplemental Resolution.

11. Minutes of Council Meetings regarding All Readings and Public Hearing of the Bond Ordinance and Adoption of the Supplemental Resolution.

12. Affidavit of Publication of the Notice of Public Hearing and Abstract of Bond Ordinance.

13. 1999 Bond Ordinance and Supplemental Resolution.

14. 2002 Bond Ordinance and Supplemental Resolution.

15. WDA Consent to Issuance of Parity Bonds.

16. NPDES Permit.

17. Evidence of Insurance.

18. ACOE Grant Letter.

19. WVDEP Grant Letter.

20. SCB Grant Letter.

WITNESS my signature and the official seal of the Issuer as of the date first written above.

Kathleen Scott
Recorder

[SEAL]

CERTIFICATE OF CONSULTING ENGINEER

On this 28th day of November, 2007, I, John Tuggle, Registered Professional Engineer, West Virginia License No. 11845, of Pentree, Incorporated, Consulting Engineers, Princeton, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of the City of Mount Hope (the "Issuer"), to be constructed primarily in Fayette County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance passed by the Issuer on July 10, 2007, and the bond purchase agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection ("DEP"), dated November 1, 2007 (the "Loan Agreement").

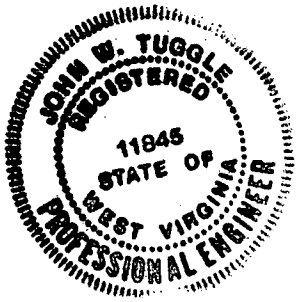
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise

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

WITNESS my signature and seal as of the date first written above.

[SEAL]



PENTREE, INCORPORATED

John Tuggle, P.E.
West Virginia License No. 11845

City of Mount Hope
SCHEDULE B
July 2007

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	**Total**	**SCBG**	**COE**	**Stream Restoration**	**SRF**
1. Construction (Based on Actual Bids)	**3,461,840.00**	**1,193,238.00**	**1,597,502.00**	**245,000.00**	**426,100.00**
1A. Contract #1 Plant	1,539,930.00				
1B. Contract #2 Lines	1,658,310.00				
1C. Digester	243,600.00				
1D. COE Labor	20,000.00				
2. Technical Services	**605,769.00**	**160,769.00**	**265,000.00**	**80,000.00**	**100,000.00**
3. Legal/ Administrative	**145,993.00**	**145,993.00**			
A. Legal/Fiscal	80,993.00	80,993.00			
B. Permits	15,000.00	15,000.00			
C. Administrative	50,000.00	50,000.00			
4. Closing Costs	**20,500.00**				**20,500.00**
A. Bond Counsel	20,000.00				20,000.00
B. Registrar Fee	500.00				500.00
5. Sites and Other Lands					
6. Step I or II or Other Loan Repayment					
7. Contingency	**100,000.00**				**100,000.00**
7. Total of Lines 1 through 6	**4,334,102.00**	**1,500,000.00**	**1,862,502.00**	**325,000.00**	**646,600.00**
B. Sources of Funds					
8. Federal Grants:					
9. State Grants: SCBG	1,500,000.00				
10. Other Grants: COE Construction	1,597,502.00				
11. Other Grants: COE Design	265,000.00				
12. Other Grants: WVDEP Stream Restor	325,000.00				
13. WVDEP SRF	646,600.00				

GOVERNMENTAL AGENCY

DATE: July 10, 2007

CONSULTING ENGINEER

DATE: 7-9-07

HESS, STEWART & CAMPBELL, PLLC

JOHN G. HESS, CPA
RICHARD M. STEWART, CPA
ROBERT C. CAMPBELL, CPA
TOMI J. WEBER, CPA
CHARLES A. COOK, CPA
C. MICHAEL BASS, CPA

CHRISTOPHER E. ALLMAN, CPA
CYNTHIA D. BOWEN, CPA
RYAN H. BROWN, CPA
WARREN T. CANTERBURY, CPA
JESSICA L. CHANDLER, CPA
MICHELE R. DAVIS, CPA
STEPHEN D. HENSLEY, CPA
CARLA F. LOKANT, CPA
JEFFREY M. MOLLOHAN, CPA
DELLA C. MURPHY, CPA
AMANDA J. SERGENT, CPA
DARRELL D. TUCKER, CPA
RANDY H. WILLIAMS, CPA
ELIOTT R. WILSON, CPA

CERTIFIED PUBLIC ACCOUNTANTS
252 GEORGE STREET
BECKLEY, WEST VIRGINIA 25801

(304) 255-1978
Fax (304) 255-1971

Email: hsccpa@hsc-cpa.com
Web Site: hsc-cpa.com

940 4TH AVENUE
SUITE 250
P. O. BOX 1060
HUNTINGTON, WV 25713
(304) 523-6464
(304) 523-4395 FAX

P. O. BOX 1255
OAK HILL, WV 25901
(304) 465-5006
(304) 465-9675 FAX

November 28, 2007

CITY OF MOUNT HOPE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

City of Mount Hope
Mount Hope, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have reviewed the water and sewer service rates of the City of Mount Hope (the "Issuer"), enacted by the Issuer on May 25, 2006 and October 29, 2007, respectively, the projected operating expenses and the anticipated customer usage provided by Pentree, Incorporated. It is our opinion that such rates are sufficient (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 Waterworks and Sewerage System Revenue Bonds, Series 1999 A (West Virginia SRF Program), Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2002 A (collectively, the "Prior Bonds"), and Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program) (the "Series 2007 A Bonds").

It is further our 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 2007 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2007 A Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Prior Bonds and the Series 2007 A Bonds.

Very truly yours,

Hess Stewart & Campbell

Michael Bass, CPA

CITY OF MOUNT HOPE 3.6
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

RECEIPT FOR BONDS

On this 28th day of November, 2007, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the date hereof, in Charleston, West Virginia, the Authority received the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the City of Mount Hope (the "Issuer"), dated November 28, 2007, issued in the principal amount of $646,600, in the form of one bond, fully registered to the Authority, and numbered AR-1 (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 as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

CITY OF MOUNT HOPE 3.7
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

RECEIPT FOR BOND PROCEEDS

On this 28th day of November, 2007, the undersigned Mayor of the City of Mount Hope (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

On the date hereof, the Issuer received from the West Virginia Water Development Authority (the "Authority"), as the original purchaser of the $646,600 the City of Mount Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated November 28, 2007 (the "Bonds"), the sum of $32,330, being a portion of the principal amount of the Bonds. The Issuer understands that the remaining proceeds of the Bonds will be advanced to the Issuer from time to time as construction proceeds to completion.

WITNESS my signature as of the date first written above.

CITY OF MOUNT HOPE

Mayor

CITY OF MOUNT HOPE 3.8
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE, REGISTER AND DELIVER THE BONDS

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

Ladies and Gentlemen:

On this 28th day of November, 2007, we herewith hand to you, duly executed, the $646,600 Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), in the form of one bond, numbered AR-1, dated November 28, 2007 (the "Bonds"), of the City of Mount Hope (the "Issuer"), authorized to be issued under and pursuant to a Bond Ordinance duly passed by the Issuer on July 10, 2007, and a Supplemental Resolution duly adopted by the Issuer on November 13, 2007.

You are hereby requested and authorized to authenticate, register and deliver the Bonds on behalf of the Issuer to the West Virginia Water Development Authority.

WITNESS our signatures as of the date first written above.

CITY OF MOUNT HOPE

Mayor

(SEAL)

Attest:

Kathleen Scott
Recorder

CITY OF MOUNT HOPE 3.9
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 28th day of November, 2007, by and between the CITY OF MOUNT HOPE, a municipal corporation (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $646,600 Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated the date hereof (the "Bonds"), in the form of one bond, numbered AR-1, in fully registered form, pursuant to a Bond Ordinance duly passed by the Issuer on July 10, 2007, and a Supplemental Resolution duly adopted November 13, 2007 (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, if any, 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 heretofore agreed by the parties and set forth in the attached invoice.

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:

United Bank, Inc.
500 Virginia Street, East
Charleston, WV 25301
Attention: Vice President

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, register and deliver the Bonds in accordance with the Ordinance.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

CITY OF MOUNT HOPE

Mayor

UNITED BANK, INC.

Authorized Officer

EXHIBIT A

See Bond Ordinance (Tab No. 10)
See Supplemental Resolution (Tab No. 11)

CITY OF MOUNT HOPE 3.10
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

CERTIFICATE OF REGISTRATION OF BONDS

UNITED BANK, INC., Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), of the City of Mount Hope (the "Issuer"), dated November 28, 2007, in the principal amount of $646,600, and numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 28th day of November, 2007.

UNITED BANK, INC.,
as Registrar

Authorized Officer

CITY OF MOUNT HOPE 3.11
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA SRF PROGRAM)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

BANK OF MOUNT HOPE, Mount Hope, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Mount Hope (the "Issuer"), passed on July 10, 2007, and a Supplemental Resolution adopted by the Issuer on November 13, 2007 (collectively, the "Ordinance"), authorizing the issuance of the City of Mount Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), in the aggregate principal amount of $646,600, dated November 28, 2007, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

WITNESS my signature on this 28th day of November, 2007.

BANK OF MOUNT HOPE

_____ E.V.P.
Authorized Officer

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

NEW ISSUE REPORT FORM
Date of Report: November 28, 2007

ISSUE: City of Mount Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program)

ADDRESS: P.O. Box 151, Mount Hope, WV 25880 COUNTY: Fayette

PURPOSE OF ISSUE: New Money X
Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: November 28, 2007 CLOSING DATE: November 28, 2007

ISSUE AMOUNT: $646,600 RATE: 0%; Administrative Fee: 0.5%

1st DEBT SERVICE DUE: June 1, 2009 1st PRINCIPAL DUE: June 1, 2009

1st DEBT SERVICE AMOUNT: $5,389.00 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Jackson Kelly PLLC UNDERWRITERS COUNSEL: ____
Contact Person: Samme L. Gee, Esquire Contact Person: ____
Phone: (304) 340-1318 Phone: ____

CLOSING BANK: Bank of Mount Hope ESCROW TRUSTEE: ____
Contact Person: Ben Susman Contact Person: ____
Phone: (304) 877-5551 Phone: ____

KNOWLEDGEABLE ISSUER CONTACT: OTHER: WVDEP
Contact Person: Michael Martin Contact Person: Rosalie Brodersen
Position: Mayor Function: Program Manager
Phone: (304) 877-2211 Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: ____ Accrued Interest: $ 0
____ Capitalized Interest: $ 0
By ____ Wire ____ Reserve Account: $ 0
____ Check ____ Other: ____ $ ____

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

NOTES: The Series 2007 A Bonds Reserve Account will be funded over 10 years.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
Documents Required: ____
Transfers Required: ____

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
414 SUMMERS STREET, SECOND FLOOR
CHARLESTON, WV 25301

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0021776
SUBJECT: Sewage

ISSUE DATE: July 13, 2004
EFFECTIVE DATE : August 12, 2004
EXPIRATION DATE: June 30, 2009
SUPERSEDES: Permit No. WV0021776 dated June 30, 1999

LOCATION: MOUNT HOPE (City) | Fayette (County) | Lower New River (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: MOUNT HOPE CITY OF
PO BOX 151
MOUNT HOPE, WV 25880

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
Operate and maintain an existing wastewater collection system and an existing 0.308 MGD oxidation ditch wastewater treatment plant which are further described as follows.

A wastewater collection system consisting of 39,015 linear feet of four (4) inch, six (6) inch, and eighteen (18) inch gravity sewer line; 6,045 linear feet of eight (8) inch diameter gravity sewer line; 987 linear feet of ten (10) inch diameter gravity sewer line; 5,203 linear feet of twelve (12) inch diameter gravity sewer line; 2,000 linear feet of six (6) inch diameter force main; 115 manholes; 51 cleanouts; three (3) lift stations; and all requisite appurtenances.

A wastewater treatment plant comprised of a mechanical bar screen, a grit chamber, a manual bar screen located prior to the main lift station; a dual channel oxidation ditch with an inner channel volume of 157,700 gallons and an outer channel volume of 157,100 gallons both providing a total volume of 312,800 gallons; two (2) 33,625 gallon clarifiers; a 4,500 gallon post aeration chamber; a 69,100 gallon aerobic digester; two (2) 400 square feet wedgewater sludge dewatering beds; and all necessary appurtenances.

The facility is designed to serve approximately 3,080 population equivalents in the City of Mount Hope, and environs, and discharge treated wastewater via Outlet 001 into Dunloup Creek, approximately 9.5 miles from its mouth, of the New River, of the Kanawha River.

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0021776 dated the 8th day of December, 2004 and additional information received the 15th day of March, 2004 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, D, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

Inspectable Unit	Latitude	Longitude	Receiving Stream	Dist. to Stream Mouth (in Mile)	Milepost
001	37°53'59"	81°09'08"	DUNLOUP CK	9.5	N/A
S01	37°53'59"	81°09'08"	N/A	N/A	N/A

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Interim Limitations

Summer May 1-Oct 31

During the period beginning August 13, 2004 and lasting through midnight July 12, 2006 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Flow,in Conduit or thru plant (Year Round) (ML-1)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Summer May 1-Oct 31) (ML-A)	25.7 Avg. Monthly	51.4 Max. Daily	Lbs/Day	N/A	10 Avg. Monthly	20 Max. Daily	mg/l	1/month	8 hr comp
Shall be properly reseeded.									
Total Suspended Solids (Year Round) (ML-A)	77.1 Avg. Monthly	154.1 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/month	8 hr comp
Ammonia Nitrogen (Summer May 1-Oct 31) (ML-A)	17.2 Avg. Monthly	34.2 Max. Daily	Lbs/Day	N/A	6.7 Avg. Monthly	13.3 Max. Daily	mg/l	1/month	8 hr comp
Coliform, Fecal (Year Round) (ML-A)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/month	Grab
pH (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/month	Grab
Dissolved Oxygen (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	N/A	mg/l	1/month	Grab
Hardness, Total (as CaCO3) (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/6 months	8 hr comp
Effluent Monitoring									
Zinc, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. ~~Effluent BOD5 samples shall be properly reseeded, in accordance with the approved procedures~~, prior to analysis.

~~**This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.**~~

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Interim Limitations

Summer May 1-Oct 31

During the period beginning August 13, 2004 and lasting through midnight July 12, 2006 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Units	Monitoring Requirements	
	Quantity		Units		Other Units			Measurement Frequency	Sample Type
Lead, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Copper, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Phosphorus, Total (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp
BOD, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Suspended Solids, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Nitrogen, Total (AS N) (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent BOD5 samples shall be properly reseeded, in accordance with the approved procedures, prior to analysis.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Interim Limitations

Winter Nov 1-Apr 30

During the period beginning August 13, 2004 and lasting through midnight July 12, 2006 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Units	Monitoring Requirements	
	Quantity		Units	Other Units				Measurement Frequency	Sample Type
Flow,in Conduit or thru plant (Year Round) (ML-1)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Winter Nov 1-Apr 30) (ML-A)	51.4 Avg. Monthly	102.7 Max. Daily	Lbs/Day	N/A	20 Avg. Monthly	40 Max. Daily	mg/l	1/month	8 hr comp
Shall be properly reseeded.									
Total Suspended Solids (Year Round) (ML-A)	77.1 Avg. Monthly	154.1 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/month	8 hr comp
Ammonia Nitrogen (Winter Nov 1-Apr 30) (ML-A)	17.2 Avg. Monthly	34.2 Max. Daily	Lbs/Day	N/A	6.7 Avg. Monthly	13.3 Max. Daily	mg/l	1/month	8 hr comp
Coliform, Fecal (Year Round) (ML-A)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/month	Grab
pH (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/month	Grab
Dissolved Oxygen (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	N/A	mg/l	1/month	Grab
Hardness, Total (as CaCO3) (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/6 months	8 hr comp
Effluent Monitoring									
Zinc, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. ~~Effluent BOD5 samples shall be properly reseeded, in accordance with the approved procedures,~~ prior to analysis.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

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Interim Limitations

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During the period beginning August 13, 2004 and lasting through midnight July 12, 2006 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Lead, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Copper, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Phosphorus, Total (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp
BOD, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Suspended Solids, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Nitrogen, Total (AS N) (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. ~~Effluent BOD5 samples shall be properly reseeded, in accordance with the approved procedures,~~ prior to analysis.

~~This~~ **discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.**

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Summer May 1-Oct 31

During the period beginning July 13, 2006 and lasting through midnight June 30, 2009 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Monitoring Requirements	
	Quantity		Units		Other Units		Units	Measurement Frequency	Sample Type
Flow,in Conduit or thru plant (Year Round) (ML-1)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Summer May 1-Oct 31) (ML-A)	25.7 Avg. Monthly	51.4 Max. Daily	Lbs/Day	N/A	10 Avg. Monthly	20 Max. Daily	mg/l	1/month	8 hr comp
Shall be properly reseeded.									
Total Suspended Solids (Year Round) (ML-A)	77.1 Avg. Monthly	154.1 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/month	8 hr comp
Ammonia Nitrogen (Summer May 1-Oct 31) (ML-A)	5.14 Avg. Monthly	10.3 Max. Daily	Lbs/Day	N/A	2 Avg. Monthly	4 Max. Daily	mg/l	1/month	8 hr comp
Coliform, Fecal (Year Round) (ML-A)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/month	Grab
pH (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/month	Grab
Dissolved Oxygen (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	N/A	mg/l	1/month	Grab
Hardness, Total (as CaCO3) (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/6 months	8 hr comp
Effluent Monitoring									
Zinc, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. ~~Effluent BOD5 samples shall be properly reseeded, in accordance with the approved procedures, prior to analysis.~~

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Final Limitations

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During the period beginning July 13, 2006 and lasting through midnight June 30, 2009 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations Quantity		Units		Other Units		Units	Monitoring Requirements Measurement Frequency	Sample Type
Lead, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Copper, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Phosphorus, Total (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp
BOD, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Suspended Solids, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Nitrogen, Total (AS N) (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent BOD5 ~~samples shall be properly reseeded~~, in accordance with the ~~approved procedures, prior to analysis~~.

~~This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.~~

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Winter Nov 1-Apr 30

During the period beginning July 13, 2006 and lasting through midnight June 30, 2009 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations						Units	Monitoring Requirements	
	Quantity		Units	Other Units				Measurement Frequency	Sample Type
Flow,in Conduit or thru plant (Year Round) (ML-1)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mgd	Continuous	measured
BOD, 5-Day 20 Deg.C (Winter Nov 1-Apr 30) (ML-A)	51.4 Avg. Monthly	102.7 Max. Daily	Lbs/Day	N/A	20 Avg. Monthly	40 Max. Daily	mg/l	1/month	8 hr comp
Shall be properly reseeded.									
Total Suspended Solids (Year Round) (ML-A)	77.1 Avg. Monthly	154.1 Max. Daily	Lbs/Day	N/A	30 Avg. Monthly	60 Max. Daily	mg/l	1/month	8 hr comp
Ammonia Nitrogen (Winter Nov 1-Apr 30) (ML-A)	10.3 Avg. Monthly	20.5 Max. Daily	Lbs/Day	N/A	4 Avg. Monthly	8 Max. Daily	mg/l	1/month	8 hr comp
Coliform, Fecal (Year Round) (ML-A)	N/A	N/A	N/A	N/A	200 Mo. Geo. Mean	400 Max. Daily	Cnts/100ml	1/month	Grab
pH (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	9 Inst. Max.	S.U.	1/month	Grab
Dissolved Oxygen (Year Round) (ML-A)	N/A	N/A	N/A	6 Inst. Min.	N/A	N/A	mg/l	1/month	Grab
Hardness, Total (as CaCO3) (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/6 months	8 hr comp
Effluent Monitoring									
Zinc, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. Effluent BOD5 ~~samples shall be properly reseeded~~, in accordance with the approved procedures, ~~prior to analysis~~.

~~**This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.**~~

A.001 DISCHARGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Winter Nov 1-Apr 30

During the period beginning July 13, 2006 and lasting through midnight June 30, 2009 the permittee is authorized to discharge from Outlet Number(s) 001 (Sanitary)

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations Quantity		Units		Other Units		Units	Monitoring Requirements Measurement Frequency	Sample Type
Lead, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Copper, Total Recoverable (Year Round) (ML-A)	N/A	N/A	N/A	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/year	8 hr comp
Phosphorus, Total (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp
BOD, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Suspended Solids, % Removal (Year Round) (ML-K)	N/A	N/A	N/A	N/A	85 Avg. Monthly	N/A	Percent	1/month	Calculated
Nitrogen, Total (AS N) (Year Round) (ML-A)	Rpt Only Avg. Monthly	Rpt Only Max. Daily	Lbs/Day	N/A	Rpt Only Avg. Monthly	Rpt Only Max. Daily	mg/l	1/quarter	8 hr comp

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

Effluent samples shall be collected at, or as near as possible to, the point of discharge. ~~Effluent BOD5 samples shall be properly reseeded~~, in accordance with the approved procedures, prior to analysis.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

A.S01 SEWAGE SLUDGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 13, 2004 and lasting through midnight June 30, 2009 the permittee is authorized to dispose sludge in accordance with the following from Outlet Number S01 (Sludge)

Effluent Characteristic	Quantity		Units	Limitations	Other Units		Units	Monitoring Requirements: Measurement Frequency	Monitoring Requirements: Sample Type
Coliform, Fecal (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	col/gr	1/6 months	Grab
pH (Year Round) (ML-+)	N/A	N/A	N/A	Rpt Only Min.	N/A	Rpt Only Max.	S.U.	1/6 months	Grab
Arsenic, Sludge Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	20 Max.	mg/kg	1/6 months	1/wk Comp
Cadmium,Sludge,Tot Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	39 Max.	mg/kg	1/6 months	1/wk Comp
Chromium, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	1000 Max.	mg/kg	1/6 months	1/wk Comp
Copper,Sludge,Tot,Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	1500 Max.	mg/kg	1/6 months	1/wk Comp
Lead, Dry. Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	250 Max.	mg/kg	1/6 months	1/wk Comp
Mercury, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	10 Max.	mg/kg	1/6 months	1/wk Comp
Molybdenum,Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	18 Max.	mg/kg	1/6 months	1/wk Comp

A.S01 SEWAGE SLUDGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 13, 2004 and lasting through midnight June 30, 2009 the permittee is authorized to dispose sludge in accordance with the following from Outlet Number S01 (Sludge)

Effluent Characteristic	Quantity		Units	Limitations	Other Units		Units	Monitoring Requirements: Measurement Frequency	Monitoring Requirements: Sample Type
Nickel, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	200 Max.	mg/kg	1/6 months	1/wk Comp
Selenium,Sludge,Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	36 Max.	mg/kg	1/6 months	1/wk Comp
Zinc, Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	2800 Max.	mg/kg	1/6 months	1/wk Comp
Calcium, Total (as Ca) (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Solids, Total Sludge Percent (Year Round) (ML-+)	N/A	N/A	N/A	Rpt Only Min.	Rpt Only Avg.	Rpt Only Max.	Percent	1/6 months	1/wk Comp
Potassium, Sludge Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Phosphorus,Sludge,Tot,Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Nitrogen, Ammonia Tot. Dry Wt. (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Nitrogen, Sludge Tot. Dry Wt (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp

A.S01 SEWAGE SLUDGE LIMITATIONS AND MONITORING REQUIREMENTS:

Final Limitations

Year Round

During the period beginning August 13, 2004 and lasting through midnight June 30, 2009 the permittee is authorized to dispose sludge in accordance with the following from Outlet Number S01 (Sludge)

Effluent Characteristic	Quantity		Units	Limitations	Other Units		Units	Monitoring Requirements: Measurement Frequency	Monitoring Requirements: Sample Type
Organic Nitrogen (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp
Magnesium,Tot (as Mg) (Year Round) (ML-+)	N/A	N/A	N/A	N/A	N/A	Rpt Only Max.	mg/kg	1/6 months	1/wk Comp

B. SCHEDULE OF COMPLIANCE

1. **The permitee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in the permit in accordance with the following schedule :**

   Effective date of permit.

2. **Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, if any, shall be postmarked no later than 14 days following each schedule date.**

Section C - Other Requirements

01. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.

02. The entire sewage treatment facility shall be adequately protected by fencing.

03. The proper operation and maintenance of the listed sewage treatment facility shall be performed, or supervised, by a certified operator possessing at least a Class II certificate for Waste Water Treatment Plant Operators as issued by the State of West Virginia. The on-site attendance of this facility's Class II operator shall be determined and directed by the Bureau for Public Health, Office of Environmental Health Services.

04. The arithmetic mean of values for effluent samples collected in a seven consecutive day period shall not exceed 45.0 mg/l for TSS. Furthermore, the permittee may submit mitigating factors as an attachment to its DMRs related to an excursion of this requirement. The Director may choose to take those mitigating factors into consideration in determining whether enforcement action is required.

05. The permittee shall submit each month according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration and/or quantities the values of the constituents listed in Section A analytically determined to be in the plant effluent(s). Additional information pertaining to effluent monitoring and reporting can be found in Section III of Appendix A.

06. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

    Director
    Division of Water and Waste Management
    414 Summers Street, 2nd Floor
    Charleston, West Virginia 25301
    Attention: Permitting Section

07. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Director of the Division of Water and Waste Management as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.

08. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Director of such violation or suspected violation.

09. If any existing non-domestic discharge is identified as being subject to Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Director of such identification.

10. The average daily design flow of the Publicly Owned Treatment Works has been established at 0.308 million gallons per day. When the average monthly effluent flow reported on Discharge Monitoring Reports reaches, or exceeds, 90 percent of the average design flow, 0.2772 million gallons per day during three (3) consecutive monthly periods, the permittee shall submit a Plan of Action to the Director. The Plan of Action shall present, at a minimum, an analysis of current hydraulic and organic loadings on the plant, an analysis of the future projected loadings, and a Schedule of Tasks to accomplish procedures necessary to maintain required treatment levels.

11. Any future collection system extensions shall require the permittee to contact the Director to secure approval of the extension. After consideration of the complexity of the project, and the available treatment capacity of the facility, the Director may require the permittee to seek approval through Modification of the Permit.

    The City of Mount Hope shall only accept additional flows to the sewage collection system after it documents that it has eliminated twice the volume of the inflow and infiltration than the new source will contribute to the system. This condition does not apply to the City of Mount Hope's Kilsyth/Price Hill sewer extension and treatment plant upgrade.

12. Effluent monitoring for the Copper, Lead, and Zinc parameters shall be conducted using the most sensitive methods and detection levels commercially available and economically feasible. The following methods and detection levels are offered as a guide:

Section C - Other Requirements

12.

Parameter	EPA Method No.	Recommended Detection Level (ug/l)
Copper (TR)	220.2	1
Lead (TR)	239.2	1
Zinc (TR)	289.2	1

13. The analytical test procedures, set forth in 40 CFR Part 136, prescribe colorimetric methods for certain parameters. The digestion process for the performance of total recoverable is not sufficient for the utilization of a colorimetric procedure. Therefore, colorimetric procedures shall not be acceptable for the analysis of parameters prescribed as total recoverable.

14. The Division has started to analyze the impacts of nutrients upon water quality and whether there is a need to establish nutrient water quality standards. Therefore, the Division shall impose effluent sampling for Total Nitrogen and Total Phosphorus in order to assist in this analysis. The Division recognizes there is not an EPA approved method to directly test for Total Nitrogen. The Total Nitrogen value to be reported on the permittee's Discharge Monitoring Reports (DMRs) shall be the sum of the following parameters; Total Kjeldahl Nitrogen, Nitrate and Nitrite.

15. The permittee shall be required to test the sewage treatment plant's influent in order to calculate the percent (%) removal parameters for BOD5 and TSS contained in Section A.001 of this permit. Influent sampling requirements include:

    a. Percent removal shall be defined as a percentage expression of the removal efficiency across the wastewater treatment plant for a given pollutant parameter, as determined from the thirty day average values of the influent concentrations to the facility and the thirty day average effluent pollutant concentrations. Only influent and effluent samples taken concurrently as specified below shall be used for reporting.

    b. Influent BOD5 and TSS samples shall be collected using the permittee's established sampling schedule at least one time per month (once/month) for the wastewater treatment facility.

    c. The permittee shall collect representative BOD and TSS influent samples using their established sampling procedures over an eight hour period.

    d. Influent BOD5 and TSS sampling shall be performed over the same eight hour time period as the effluent BOD5 and TSS sampling.

16. Any "not detected (ND)" results by the permittee must be "ND" at the method detection limit (MDL) for the test method used for that parameter and must be reported as less than the MDL used. The permittee may not report the result as zero, "ND", or report the result as less than a minumum level (ML), reporting limit (RL), or practical quantitation limit (PQL).

    When averaging values of analytical results for DMR reporting purposes for monthly averages, the permittee should use actual analytical results when these results are greater than or equal to the MDL and should use zero (0) when these results are less than the MDL. If all analytical results are non-detect at the MDL (<MDL), then the permittee should use the actual MDL in the calculation for averaging and report the result as less than the average calculation.

17. In incidences where a specific test method is not defined, the permittee shall utilize an EPA approved method with a method detection limit (MDL) sensitive enough to confirm compliance with the permit effluent limit for that parameter. If a MDL is not sensitive enough to confirm compliance, the most sensitive approved method must be used. If a more sensitive EPA approved method becomes available, that method shall be used. Should the current and/or new method not be sensitive enough to confirm compliance with the permitted effluent limit, analytical results reported as "not detected" at the MDL of the most sensitive method available will be deemed compliant for purposes of permit compliance. Results shall be reported on the Discharge Monitoring Reports as a numeric value less than the MDL.

18. The permittee shall not use alternate DMRs without prior approval from this Agency.

19. Because the permittee is using ultraviolet light as their disinfection method, no Total Residual Chlorine (TRC) effluent limitation shall currently be imposed. Should the permittee in the future decide to use chlorine as a disinfection method, a TRC effluent limitation shall be promulgated and imposed.

Section C - Other Requirements

20. The permittee shall continue to implement a program to identify and eliminate sources of inflow and infiltration. On or before 90 days, the Permittee shall submit to the Director a written Plan of Action that stipulates specific tasks and compliance dates for the implementation of the program. A written progress report shall be provided on a quarterly basis, as an attachment to the Discharge Monitoring Report, detailing what has been performed in relation to the implementation and accomplishments of the inflow and infiltration elimination program. Failure of the permittee to comply with this requirement shall result in subsequent administrative and/or legal action, as may be necessary in order to obtain the compliance sought herein.
21. Unless otherwise authorized under Section A of this permit, any discharge from any point other than a permitted treatment outfall or permitted combined sewer system is expressly prohibited. In the event there is a prohibited discharge from a sewer conveyance system, the permittee shall follow the reporting requirements contained in Appendix A, Part IV, Section 2.
22. The permittee shall submit a Progress Report on how it plans to achieve the final effluent limitations for ammonia nitrogen within one year of the issuance of this permit.

Section D - Sewage Sludge Management Requirements

01. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and be addressed to:

    Director
    Division of Water and Waste Management
    414 Summers Street, Second Floor
    Charleston, West Virginia 25301
    Attention: Permitting Section

02. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.

03. The Sewage Sludge Monitoring Report form shall be submitted semiannually. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to:

    Director
    Division of Water and Waste Management
    414 Summers Street, Second Floor
    Charleston, West Virginia 25301
    Attention: Permitting Section

04. The following method(s) of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:

    a. Land Application: Sewage sludge shall not be applied in a manner or in an amount that would cause the land application site(s) to exceed the annual or lifetime loading rates as listed below. The following site(s) may be used for land application:

Land Application Site(s)	Maximum Annual Loading Rate(s) Tons/Acre	Five (5) Year Cumulative Loading Rate(s) Tons/Acre	Lifetime Loading Rate(s) Tons/Acre
Vince Kessler			
Field 1	15.0	60.0	140
Field 2	15.0	60.0	140
Field 3	15.0	60.0	140
Carl Spearen			
Field 1	15.0	60.0	139
Field 2	15.0	60.0	139
Field 3	15.0	60.0	139

    b. Landfill Disposal: Sewage sludge may also be disposed at a landfill by placing the sewage sludge in the landfill cell, provided that the landfill obtains approval from the Division of Water and Waste Management to allow the acceptance of sewage sludge from the permittee, and provided that the landfill(s) is/are identified in the permit application. Prior approval by the Division of Water and Waste Management is required to change landfill disposal site(s).

05. Sewage sludge shall not be applied to land that has any of the following siting restrictions and/or location standards:

    a. Land that is frozen, snow-covered, or known to be flooded on a regular basis unless the applicant can demonstrate to the Secretary that the land application will not cause runoff into streams or wetlands.

    b. Land that is within 50 feet of surface water including any streams, springs, ponds, wetlands, or other collection points for surface water.

    c. Land that is within 200 feet of drinking water supply wells or other personal water supply.

    d. Land that is within 200 feet of an occupied dwelling.

Section D - Sewage Sludge Management Requirements

05. e. Land that is within 50 feet of a federal or state highway.

f. Land that is within 100 feet of an adjacent property owner's property line.

g. Land that drains into a sinkhole.

h. Land that has been tested and determined to have a pH of less than 6.2 SUs, unless the pH is adjusted to 6.2 SUs or greater.

i. Land that has a slope greater than 15 percent.

j. Land that has a seasonal high groundwater table less than two (2) feet from the surface.

k. Land that has less than 6 inches of soil over bedrock or an impervious pan.

l. Land that contains soil with surface permeability of less than 0.6 inches/hour or greater than 6 inches/hour.

m. Land that, if sewage sludge was applied, is likely to adversely affect a threatened or endangered species listed under Section 4 of the Endangered Species Act or its designated critical habitat.

n. Other land determined by the Secretary to be unsuitable for application of sewage sludge.

06. The following requirements concerning crops grown on land used for application of sewage sludge, the time requirements between application of sewage sludge and the harvesting of crops, and the restrictions on animal grazing and public access shall be met:

a. Food crops with harvested parts that touch the sewage sludge/soil mixture and are totally above the land surface shall not be harvested for 14 months after application of sewage sludge.

b. Food crops with harvested parts below the surface of the land shall not be harvested for 20 months after application of sewage sludge when the sewage sludge remains on the land surface for four (4) months or longer prior to incorporation into the soil.

c. Food crops with harvested parts below the surface of the land shall not be harvested for 38 months after application of sewage sludge when the sewage sludge remains on the land surface for less than four (4) months prior to incorporation into the soil.

d. Food crops (human consumption), feed crops (animal consumption), and fiber crops shall not be harvested for 30 days after application of sewage sludge.

e. Animals shall not be allowed to graze on the land for 30 days after application of sewage sludge.

f. Turf grown on land where sewage sludge is applied shall not be harvested for one (1) year after application of the sewage sludge when the harvested turf is placed on either land with a high potential for public exposure or a lawn, unless otherwise specified by the permitting authority.

g. Public access to land with a high potential for public exposure shall be restricted for one year after application of sewage sludge.

h. Public access to land with a low potential for public exposure shall be restricted for 30 days after application of sewage sludge.

07. Sewage sludge shall not be stored at a land application site for a period longer than one week; except, storage can be allowed for a period not to exceed three months when provisions, approved by the Director of the Division of Water and Waste Management of the Department, are made to prevent leachate runoff to the surface water and/or groundwater.

08. Sewage sludge shall only be land applied during the hours of daylight.

09. Sewage sludge which is land applied shall not contain excessive amounts of other solid waste materials, as defined in Title 33, Series 2, Section 2.34 of the Legislative Rules.

10. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

Section D - Sewage Sludge Management Requirements

11. The land application site(s) shall maintain the soil pH at a minimum of 6.2 SUs for at least five (5) years from the date of application. The soil pH and soil nutrients shall be monitored once per year by obtaining a composite sample of each field utilized for land application during the previous year. The composite samples shall be made up of a minimum of four (4) aliquots taken at locations equally spaced through the land application site(s). The samples may be analyzed through the WVU Extension Service or by other certified laboratories.
12. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods and pH may be analyzed using EPA Method 9045A. Additionally, Fecal Coliform samples shall be prepared for analysis by using the method described in EPA 625R-92/013, Appendix F.
13. Sewage sludge disposed in a landfill cell shall be a non-hazardous material as defined in 40 CFR Part 261.24 and a minimum of 20 percent solids. If the sewage sludge is not 20 percent solids, a bulking agent may be used to achieve 20 percent solids before the sewage sludge is weighed in at the landfill. Alternative sludge disposal methods at the landfill can be utilized upon obtaining prior written approval from the Director of the Division of Water and Waste Management.
14. If sewage sludge is used for revegetation, or spread in any other manner at the landfill, the sewage sludge shall meet all of the land application requirements. These requirements include vector attraction and pathogen reduction methods, heavy metals limits, and abiding by an approved loading rate based on soil analyses.
15. The following primary method for pathogen reduction shall apply to the sewage sludge or sewage sludge products:
    a. Fecal Coliform Analyses - Seven (7) samples are collected and analyzed separately using either MF or MPN Method. The geometric mean of these results must be less than 2,000,000 colonies/dry gram. The permittee shall maintain all laboratory bench sheets indicating all raw data used in the analyses and the calculation of the results (unless analysis was performed by a certified contract laboratory). The seven (7)individual samples shall be evenly spaced over the monitoring period with no more than one (1) sample taken in each calendar month.
    b. If compliance cannot be achieved using the primary method for pathogen reduction, then the permittee must obtain approval from the Director prior to use of a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary pathogen reduction method is granted. The following secondary method for pathogen reduction shall apply to the sewage sludge or sewage sludge products:
        (1) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for at least two (2) hours after the lime addition. The permittee shall record the pH of the sewage sludge at least twice, once upon addition of lime and once two (2) hours after addition.
16. The following primary method for vector attraction reduction shall apply to the sewage sludge or sewage sludge products:
    a. Specific Oxygen Uptake Rate (SOUR) - Sewage sludge is considered stable enough for land application if the SOUR is equal to or less than 1.5 milligrams of oxygen per hour per gram of total solids (dry weight basis) at a temperature of 20 degrees Celsius. The permittee shall take dissolved oxygen (DO) readings of the sewage sludge over a fifteen(15) minute period. Either the temperature (degrees Celsius) of the sample must be adjusted to 20 degrees Celsius or the SOUR of the sewage sludge is measured at the same temperature at which digestion is occurring in the treatment works and corrected to 20 degrees Celsius.
    b. If compliance cannot be achieved using the primary method for vector attraction reduction, then the permittee must obtain approval from the Director prior to using a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary vector attraction reduction method is granted. The following secondary method for vector attraction reduction shall apply to the sewage sludge or sewage sludge products:
        (1) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for two (2) hours and above 11.5 SUs for 24 hours after the lime addition. The permittee shall record the pH of the sewage sludge at the 0, 2, and 24 hour intervals of treatment, and record the duration of time (hours) that the pH is maintained at or above the specified minimum levels.

Section D - Sewage Sludge Management Requirements

17. The permittee shall maintain all records and reports of all monitoring required by Section D of this permit for five (5) years after the date of monitoring or reporting. Records should include all sample results, including pathogen and vector attraction reduction monitoring; any landfill receipts; land application records, including site maps, the landowner agreement, soil sample results, daily and cumulative sludge loading rate information; copies of all required reports; and records of all data used to complete these reports.

18. The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

    Belt Press or Vacuum Filter - During the week that the composite sample is obtained, the permittee shall take a minimum of three (3) grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

    Liquid Sludge - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

    Sewage Sludge Drying Beds - During the week that the composite sample is obtained, the permittee shall take a minimum of four (4) grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

    Composting or Stock Piles - The permittee shall obtain a minimum of eight (8) grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

19. Written notification shall be given to the Director within five (5) days of the determination of any excursion(s) of the maximum allowable limitations for sewage sludge listed in Section A.S01 of this Permit. A written plan to identify and correct the excursion(s) must be submitted to the Director within sixty (60) days.

20. No single instantaneous grab sample of the final sewage sludge product shall exceed the values found below as listed in Table 2 of the West Virginia Sewage Sludge Management Regulations (Title 33, Series 2).

Metal	Concentration (mg/kg)
Arsenic	75
Cadmium	85
Chromium	3000
Copper	4300
Lead	840
Mercury	57
Molybdenum	75
Nickel	420
Selenium	100
Zinc	7500

21. Sewage sludge shall not be land applied in a manner or in an amount that will cause the land application site(s) to exceed the maximum soil concentrations for the following heavy metals:

Parameter	Maximum Allowable Limitations For Soils (mg/kg)
Arsenic	13.0
Cadmium	2.4
Chromium	290.0
Copper	92.0
Lead	85.0
Mercury	2.4
Molybdenum	4.6
Nickel	83.0*
Selenium	10.0
Zinc	290.0**

Section D - Sewage Sludge Management Requirements

21. * For sandy to silt loam soils with a permeability greater than 2.0 inches per hour, the maximum allowable soil concentration for nickel is 50.0 mg/kg.

    ** For those sites with greater than 30% legume species, the maximum allowable soil concentration for zinc is 130.0 mg/kg for sandy to silt loam soils with permeability greater than 2.0 inches per hour and 200.0 mg/kg for other soil types.

22. All land application site(s) shall have new soil analyses performed for the metals listed in Section D.21 of this Permit when the cumulative loading reaches 50% of the assigned lifetime loading rate.

23. Should any landowner of a sludge land application site fail to comply with the terms and conditions pertaining to the landowner under an applicable landowner agreement, the permittee shall immediately contact said landowner and identify the violation causing the noncompliance with the said agreement. The permittee shall take all reasonable, escalating enforcement steps, up to and including disallowing further land application of sludge on the owner's site, in order to keep the landowner compliant with the terms and conditions of said land owner agreement. Also, the permittee shall immediately inform the Agency of any current noncompliance by the owner of a land application site by attaching a written summary of these violations, the cause of each violation, and the steps taken to prevent their recurrence with the submitted Sludge Monitoring Reports. Should the permittee take all of the enforcement steps outlined above, these actions may be used as a mitigating factor to any enforcement actions taken upon the permittee for the noncompliance by the land application site owners to the terms and conditions of Section D herein. However, the burden of proof in relation to the use of this mitigating factor shall lie exclusively upon the permittee. This condition shall not be used as a mitigating factor to any noncompliance associated with any other sections of this permit, even if said noncompliance is, in whole or in part, caused by the land application site owner.

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0021776; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Secretary of the Department of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0021776; and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and the invocation of all the enforcement procedures set forth in Chapter 22, Article 11, or 15 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Article 11 and 12 and/or 15 of the Code of West Virginia and is transferable under the terms of Section 11 of Article 11.

Director

Appendix A

I. MANAGEMENT CONDITIONS:

1. Duty to Comply

a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.

b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.

3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, *revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition.*

5. Property Rights

This permit does not convey any property rights of any sort or any exclusive privilege.

6. Signatory Requirements

All applications, reports, or information submitted to the Director shall be signed and certified as required in Title 47, Series 10 , Section 4.6 of the West Virginia Legislative Rules.

7. Transfers

This permit is not transferrable to any person except after notice to the Director. The Director may require modification or revocation and reissuance of the *permit to change the name of the permittee and incorporate such other requirements as may be necessary.*

8. Duty to Provide Information

The permittee shall furnish to the Director, within a reasonable specified time, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, it shall promptly submit such facts or information.

10. Inspection and Entry

The permittee shall allow the Director, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:

a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;

b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;

c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and

d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any location.

11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22-11-12 of the *Code of West Virginia.*

12. Water Quality

Subject to 47 WV CSR 10.3.4.a, the effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the Environmental Quality Board.

13. Outlet Markers

A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules.

14. Liabilities

a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed $25,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, 308 or 405 of the Clean Water Act is subject to a fine of not less than $2,500 nor more than $25,000 per day of violation, or by imprisonment for not more than 1 year, or both.

b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 2 years, or by both.

c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 2 years, or by both.

d) Nothing in I.14 a), b), and c) shall be construed to limit or prohibit any other authority the Director may have under the State Water Pollution Control Act, Chapter 22, Article 11.

II. OPERATION AND MAINTENANCE:

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Laws, W. Va. Code Chapter 16-1, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Director may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of the permit.

3. Bypass

a) Definitions

(1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and

(2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of II.3.c) and II.3.d) of this permit.

c) (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;

(2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in IV.2.b) of this permit.

d) Prohibition of bypass

(1) Bypass is permitted only under the following conditions, and the Director may take enforcement action against a permittee for a bypass, unless;

(A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

(B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and

(C) The permittee submitted notices as required under II.3.c) of this permit.

(2) The Director may approve an anticipated bypass, after considering its adverse effects, if the Director determines that it will meet the three conditions listed in II.3.d.(1) of this permit.

4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitation if the requirements of II.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

(1) An upset occurred and that the permittee can identify the cause(s) of the upset;

(2) The permitted facility was at the time being properly operated;

(3) The permittee submitted notice of the upset as required in IV.2.b) of this permit.

(4) The permittee complied with any remedial measures required under I.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Director, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Director. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Director in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

III. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

2. Reporting

a) Permittee shall submit, according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration, and/or quantities, the values of the constituents listed in Part A analytically determined to be in the plant effluent(s). DMR submissions shall be made in accordance with the terms contained in Section C of this permit.

b) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.

c) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).

d) Specify frequency of analysis for each parameter as number of analyses/specified period (e.g.,3/month is equivalent to 3 analyses performed every calendar month). If continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

a) The date, exact place, and time of sampling or measurement;

b) The date(s) analyses were performed;

c) The individual(s) who performed the sampling or measurement;

d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;

e) The analytical techniques or methods used, and

f) The results of such analyses. Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in III.6.

5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated. Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Director at any time.

7. Definitions

a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.

b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.

c) "Maximum daily discharge limitation" means the highest allowable daily discharge.

d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.

e) "Grab Sample" is an individual sample collected in less than 15 minutes.

f) "Is" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.

g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.

h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two (2) consecutive hours during a 24 hour day, or during the operating day if flows are of shorter duration.

i) The "monthly average fecal coliform" bacteria is the geometric average of all samples collected during the month.

j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or which a relationship to absolute volume has been obtained.

k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.

l) "Non-contact cooling water" means the water that is contained in a leak-free system, i.e., no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

IV. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11. Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the Legislative rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

b) The following shall also be reported immediately:

(1) Any unanticipated bypass which exceeds any effluent limitation in the permit;

(2) Any upset which exceeds any effluent limitation in the permit; and

(3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Director in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.

c) The Director may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.

d) Compliance with the requirements of IV.2 of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

3. Reporting Requirements

a) Planned changes. The permittee shall give notice to the Director of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:

(1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series 10, Title 47; or

(2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under IV.2 of this section.

b) Anticipated noncompliance. The permittee shall give advance notice to the Director of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.

c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Director in writing as soon as they know or have reason to believe:

(1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":

(A) One hundred micrograms per liter (100 ug/l);

(B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol; and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;

(C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Series10, Title 47.

(D) The level established by the Director in accordance with Section 6.3.g of Series 10, Title 47;

(2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":

(A) Five hundred micrograms per liter (500 ug/l);

(B) One milligram per liter (1 mg/l) for antimony;

(C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7 of Series 10, Title 47;

(D) The level established by the Director in accordance with Section 6.3.g of Series 10, Title 47.

(3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.

(4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in IV.2.a). Should other applicable noncompliance reporting be required, these terms and conditions will be found in Section C of this permit.

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone Number: (304) 926-0495
Fax Number: (304) 926-0496

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

June 30, 2005

Honorable Michael Martin
Mayor, City of Mount Hope
Post Office Box 151
Mount Hope, WV 25880

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0021776
Modification No. 1

Honorable Mayor Martin:

This letter serves as Modification No. 1 of your existing WV/NPDES Water Pollution Control Permit No. WV0021776 issued the 13th day of July 2004.

After review and consideration of the information accompanying WV/NPDES Water Pollution Control Permit No. WV0021776 and after consideration of the information submitted on, and with Permit Modification Application No. WV0021776-A, dated the 27th day of December 2004, and other relevant information, the subject Permit is hereby modified to incorporate the following:

> To acquire, construct, install, operate and maintain wastewater collection system extension comprised of approximately 5,880 linear feet of six (6) inch diameter gravity sewer line, 11,220 linear feet of eight (8) inch diameter gravity sewer line, 4,830 linear feet of 10 inch diameter gravity sewer line, 2,880 linear feet of 12 inch diameter gravity sewer line, 2,470 linear feet of 15 inch diameter gravity sewer line, 2,470 linear feet of 16 inch diameter gravity sewer line, necessary manholes and cleanouts, and all necessary appurtenances.
>
> Also, to acquire, construct, install, operate and maintain wastewater treatment system upgrade comprised of upgrading the pretreatment and solids handling system.

The wastewater collection system and wastewater treatment system improvements shall be constructed in accordance with the plans, specifications and reports approved by the Division of Water and Waste Management - Engineering Section. A further description of these documents is presented as follows:

SEWAGE COLLECTION SYSTEM AND TREATMENT PLANT IMPROVEMENTS CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:
Prepared by: Pentree, Inc.
PO Box 1309
1428 Main Street
Princeton, West Virginia 24740

Title: Kilsyth Wastewater Extension Project
Gravity Collection System
Wastewater Treatment Plant Upgrade
Contract Nos.: 1 & 2

SRF Project No.: C-544390
Date Approved: October 28, 2004

Facilities are to serve approximately 160 new customers in the communities of Kilsyth and Price Hill areas and environs in the Fayette and Raleigh Counties.

All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit No. WV0021776 shall remain in effect and unchanged.

Sincerely,

Lisa A. McClung
Director

LAM:bsg

cc: Env. Inspector Supervisor
Env. Inspector

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0463

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

June 8, 2006

Honorable Michael Martin
Mayor, City of Mount Hope
Post Office Box 151
Mount Hope, WV 25880

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0021776
Modification No. 2

Dear Mayor Martin:

This serves as Modification No. 2 of WV/NPDES Permit No. WV0021776, dated the 13th day of July 2004.

After careful review of all information accompanying Permit No. WV0021776, and after receipt and review of Modification Application No. WV0021776-B, received the 21st day of February 2006, and additional information received the 13th day of April 2006, the subject Permit is hereby modified to amend Section D.04.a) to incorporate the following land application site:

Land Application Site(s)	**Maximum Annual Loading Rate(s) Tons/Acre**	**Five(5) Year Cumulative Loading Rate(s) Tons/Acre**	**Lifetime Loading Rate(s) Tons/Acre**
John Brenemen			
Field 1	6.2	24.8	139

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID AH MTHOP-1 | DATE (MM/DD/YYYY) 11/19/07

PRODUCER

Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston WV 25314
Phone: 304-345-8000 Fax: 304-345-8014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

City of Mount Hope
Michael Martin, Mayor
P. O. Box 151
Mount Hope WV 25880

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Scottsdale Indemnity Company	15580
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	PEI0004992	04/15/07	04/15/08	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Emp Ben.	$ 1,000,000 $ 500,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000 1,000,000
A		AUTOMOBILE LIABILITY [X] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	WAI0001443	04/15/07	04/15/08	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS/UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	PEI0004992	04/15/07	04/15/08	[ ] WC STATU-TORY LIMITS [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is named as additional insured as respects water and sewer projects.

CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

©ACORD CORPORATION 1988

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

DEPARTMENT OF THE ARMY
HUNTINGTON DISTRICT, CORPS OF ENGINEERS
502 EIGHTH STREET
HUNTINGTON, WEST VIRGINIA 25701-2070

September 15, 2006

Planning, Programs and Project Management Division
Programs and Project Management Branch
Project Management Section

RECEIVED
SEP 18 2006
Region 4 Planning & Development Council

Mayor Michael Martin
City of Mount Hope
108 Raleigh Avenue
Mount Hope, WV 25880

Dear Mayor Martin,

On behalf of the U.S. Army Corps of Engineers' Section 340 Environmental Infrastructure Program, I am pleased to inform you that your request for funding for the Kilsyth Sewer Extension/ Plant Upgrade Construction Project was approved. Your project was deemed appropriate under the established criteria for the Section 340 Program, and funding in the total amount of $1,502,000 for project construction is committed to this project. Of these funds, $700,000 will be transferred from Appalachian Regional Commission (ARC) appropriated funds to the U.S. Army Corps of Engineers' Section 340 Program, and the remaining $802,000 will be available through the Corps appropriations for the Section 340 Program.

This is a reimbursable program. The Corps of Engineers is authorized to provide assistance for a defined scope of work with cost sharing at 75% Federal and 25% non-Federal. If you need additional assistance, please contact Sherry Adams, Project Manager, at (304) 399-5844 or by email at Sherry.L.Adams@usace.army.mil.

Sincerely,

Dana R. Hurst
Colonel, Corps of Engineers
District Engineer

Copies Furnished:
Alice King
Region IV Planning & Development Council
425 Main Street, Suite A
Summersville, WV 26651

Pentree, Inc.
John Tuggle
1428 Main Street
Princeton, WV 24740

PROJECT COOPERATION AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE CITY OF MOUNT HOPE, WEST VIRGINIA
FOR
CONSTRUCTION
OF THE
KILSYTH SEWER EXTENSION/PLANT UPGRADE PROJECT,
FAYETTE COUNTY, WEST VIRGINIA

THIS AGREEMENT is entered into this 16th day of September, 2005, by and between the Department of the Army (hereinafter the "Government"), represented by the U.S. Army Engineer, Huntington District, and the City of Mount Hope, West Virginia (hereinafter the "Non-Federal Sponsor"), represented by its Mayor .

WITNESSETH, THAT:

WHEREAS, the Secretary of the Army is authorized to provide design and construction assistance for water-related environmental infrastructure and resource protection and development projects in southern West Virginia (hereinafter the "Section 340 Program") pursuant to Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended;

WHEREAS, Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended, provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development project, or separable element thereof, unless the project is publicly owned;

WHEREAS, the U.S. Army Engineer, Huntington District (hereinafter the "District Engineer") has determined that Kilsyth Sewer Extension/Plant Upgrade Project in and around the Communities of Kilsyth and Price Hill in Fayette County, West Virginia (hereinafter the "Project", as defined in Article I.A. of this Agreement) is eligible for implementation under Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended;

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into a Project Cooperation Agreement (hereinafter the "Agreement") for the construction of the Project;

WHEREAS, Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended, specifies the cost-sharing requirements applicable to the Project and

provides that total project costs shall be shared 75 percent Federal and 25 percent Non-Federal;

WHEREAS, Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended, provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development projects, or separable element thereof, until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project or separable element;

WHEREAS, pursuant to Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended, the Secretary of the Army is authorized to provide assistance, which may be in the form of grants or reimbursements of the Federal share of project costs, to the Non-Federal Sponsor and to afford credit, not to exceed 6 percent of the total construction costs of the Project, for the reasonable costs of design work completed by the non-Federal interest before entering into a written agreement with the Secretary;

WHEREAS, the Non-Federal Sponsor, in conjunction with the Government, and in consultation with appropriate Federal and State officials, has developed a facilities or resource protection and development plan, including appropriate engineering plans and specifications for the Project;

WHEREAS, the Government and a non-Federal interest entered into an agreement for design of the Project (hereinafter the "Design Agreement"), dated December, 2003, under the terms of which the non-Federal interest contributed 25 percent of the costs for design;

WHEREAS, Section 101 of the Energy and Water Development Appropriations Act, 2005, Public Law 108-447, as amended, provides that credits and reimbursements afforded for all applicable general authorities and under specific project authority shall not exceed $80,000,000 for all applicable programs and projects in each fiscal year;

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost-sharing and financing of the construction of the Project in accordance with the terms of this Agreement.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

ARTICLE I - DEFINITIONS AND GENERAL PROVISIONS

For purposes of this Agreement:

A. The term "Project" shall mean the construction of two primary components: (1) an upgrade to the existing Wastewater Treatment Plant; and (2) a sewer extension to approximately

150 new customers. The Wastewater Treatment Plant upgrade component will include the following features: solids handling facilities (digester, belt press and truck), pre-treatment equipment (grit separator and/or screening device), and overflow management. The sewer extension component will include approximately 2,800 linear feet of 12" sewer line and 13 manholes on County Route 19/20, Line K, in and around the Communities of Kilsyth and Price Hill in Fayette County, West Virginia as generally described in the "Plans and Specifications, Kilsyth Wastewater Extension, Contract 1, *Treatment Plant Upgrade*" and "Plans and Specifications, Kilsyth Wastewater Extension, Contract 2, *Kilsyth Wastewater Extension-Gravity Collection System*", both dated August, 2004.

B. The term "total project costs" shall mean all costs incurred by, or on behalf of, the Non-Federal Sponsor and by the Government in accordance with the terms of this Agreement that the District Engineer determines are directly related to project construction. Subject to the provisions of this Agreement, the term shall include, but is not necessarily limited to: the costs of project design and construction work; the costs of inspection and technical assistance incurred by the Government in accordance with Article II.F. of this Agreement; the value of lands, easements, rights-of-way, relocations, and suitable borrow and dredged or excavated material disposal areas (including permit costs) not to exceed 25 percent of total project costs, as determined by the Government in accordance with Article IV of this Agreement; the costs of participation in the Project Coordination Team in accordance with Article V of this Agreement; applicable costs of audit in accordance with Article XI of this Agreement; and other costs incurred by the Government pursuant to this Agreement. The term does not include any costs of activities performed under any other agreement for the Project; any costs for operation, maintenance, repair, rehabilitation, or replacement; any costs due to betterments; any costs incurred in advertising and awarding any construction contracts prior to the effective date of this Agreement; any actual construction costs incurred prior to the effective date of this Agreement; any costs of dispute resolution under Article VIII of this Agreement; or the Non-Federal Sponsor's costs of negotiating this Agreement.

C. The term "project design work" shall mean the work performed by, or on behalf of, the Non-Federal Sponsor for design directly related to the Project, including but not necessarily limited to, the reasonable costs of design work incurred prior to the effective date of this Agreement not to exceed 6 percent of the total construction costs of the Project and which have not been included in costs under the Design Agreement any other agreement for the Project. The term includes, but is not necessarily limited to, concept design; report writing; detailed design; preparation of plans and specifications; design analysis; quantity/cost estimates; obtaining required local, state and Federal permits; performance and documentation of environmental investigations; performance and documentation of hazardous substances investigations in accordance with Article XVI.A. of this Agreement; performance of historical preservation investigations in accordance with Article XIX of this Agreement; engineering and design during construction; and other design services and in-kind design work.

D. The term "project design and construction work" shall mean the work performed by,

or on behalf of, the Non-Federal Sponsor for design and construction directly related to the Project incurred subsequent to the effective date of this Agreement. The term includes, but is not necessarily limited to, project design work as defined in paragraph C. of this Article; actual construction, including settlement of or paying awards for contract disputes; supervision and administration; and other construction services and in-kind construction work.

E. The term "total construction costs of the Project", when used to determine the limitation on costs of design incurred prior to the effective date of this Agreement to be included in total project costs under this Agreement, shall mean the actual construction contract costs to construct the Project and/or any direct labor charges for work performed by, or on behalf of, the Non-Federal Sponsor.

F. The term "highway" shall mean any public highway, roadway, street, or way, including any bridge thereof.

G. The term "relocation" shall mean providing a functionally equivalent facility to the owner of an existing utility, cemetery, highway or other public facility, or railroad (including any bridge thereof) when such action is authorized in accordance with applicable legal principles of just compensation. Providing a functionally equivalent facility may take the form of alteration, lowering, raising, or replacement and attendant removal of the affected facility or part thereof.

H. The term "period of construction" shall mean the time period from execution of this Agreement until completion of Project construction, as verified by Government inspection in accordance with Article II.F. of this Agreement.

I. The term "fiscal year" shall mean one fiscal year of the Government. The Government fiscal year begins on October 1 and ends on September 30.

J. The term "functional portion of the Project" shall mean a portion of the Project that the Project Coordination Team determines is suitable for the Non-Federal Sponsor to operate and maintain in advance of completion of the entire Project. For a portion of the project to be suitable, the Project Coordination Team must determine that the portion of the Project is complete and can function independently and for a useful purpose, although the balance of the Project is not complete.

K. The term "betterment" shall mean a change in the design and construction of an element of the Project resulting from the application of standards that the Government determines exceed those that the Government would otherwise apply for accomplishing the design and construction of that element.

L. The term "proper invoice" shall mean a request for reimbursement by the Non-Federal Sponsor in which the Non-Federal Sponsor certifies that payments have been made in the amount requested to, or bills in the amount requested have been received from, contractors, suppliers or

employees for performance of work in accordance with this Agreement and provides evidence of payment made or obligation incurred by, or on behalf of, the Non-Federal Sponsor as may be required by the Government.

M. The term "Federal program funds" shall mean funds or grants provided directly to the Non-Federal Sponsor by a Federal agency, other than the Department of the Army, and any non-Federal matching share required therefor.

ARTICLE II - OBLIGATIONS OF THE NON-FEDERAL SPONSOR AND THE GOVERNMENT

A. Using its funds and the funds to be reimbursed by the Government, the Non-Federal Sponsor shall expeditiously construct the Project. The Non-Federal Sponsor assumes full and exclusive responsibility for construction of the Project.

1. The Government shall be afforded the opportunity to review and comment on the solicitations for all contracts, including relevant plans and specifications, prior to the Non-Federal Sponsor's issuance of such solicitations. In the event that the Non-Federal Sponsor proposes to do work with its own forces, the Government shall be afforded the opportunity to review and approve the plan of work and materials to be incorporated into the work. In addition, to the maximum extent practicable, the Government shall be afforded the opportunity to review and comment on all contract modifications, including change orders, prior to the issuance to the contractor of a Notice to Proceed. In any instance where providing the Government with notification of a contract modification or change order is not possible prior to issuance of the Notice to Proceed, the Non-Federal Sponsor shall provide such notification in writing at the earliest date possible. To the extent possible, the Non-Federal Sponsor also shall afford the Government the opportunity to review and comment on all contract claims prior to resolution thereof. The Non-Federal Sponsor shall consider in good faith the comments of the Government made as a result of its review, but the contents of solicitations, award of contracts, execution of contract modifications, issuance of change orders, resolution of contract claims, and performance of all work on the Project (whether the work is performed under contract or by Non-Federal Sponsor personnel), shall be exclusively within the control of the Non-Federal Sponsor.

2. The Non-Federal Sponsor shall obtain all necessary permits and licenses and comply with all applicable laws, regulations, ordinances and other rules of the United States of America, of the state or political subdivisions thereof wherein the work is performed, or of any other duly constituted public authority, including the laws and regulations specified in Article XII of this Agreement and where applicable shall include appropriate provisions in its contracts for construction of the Project.

B. In the event that the Non-Federal Sponsor elects to construct betterments during the period of construction, the Non-Federal Sponsor shall notify the Government in writing and

describe the betterments it intends to construct. The Non-Federal Sponsor shall be solely responsible for all costs due to betterments, including costs associated with obtaining permits therefor, and shall pay all such costs without reimbursement by the Government.

C. In accordance with Article III of this Agreement, the Non-Federal Sponsor shall provide all lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas required for the construction, operation, and maintenance of the Project, and shall perform or ensure performance of all relocations that are necessary for the construction, operation, maintenance of the Project.

D. The Non-Federal Sponsor may request the Government to acquire lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas or perform relocations on behalf of the Non-Federal Sponsor. Such requests shall be in writing and shall describe the services requested to be performed. If in its sole discretion the Government elects to perform the requested services or any portion thereof, it shall so notify the Non-Federal Sponsor in a writing that sets forth any applicable terms and conditions, which must be consistent with this Agreement. In the event of conflict between such a writing and this Agreement, this Agreement shall control. The Non-Federal Sponsor shall be solely responsible for all costs of the requested services and shall pay all such costs in accordance with Article VI.C. of this Agreement. Notwithstanding the acquisition of lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas or performance of relocations by the Government, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for the costs of cleanup and response of hazardous substances in accordance with Article XVI of this Agreement.

E. During the period of construction, the Non-Federal Sponsor shall prepare and furnish to the Government for review a proposed Operation, Maintenance, Repair, Rehabilitation and Replacement Manual. The Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace any functional portion of the Project and, upon completion of construction and final inspection by the Government in accordance with paragraph F. of this Article, the entire completed Project, at no cost to the Government, in a manner compatible with the Project's design and its Operation, Maintenance, Repair, Rehabilitation and Replacement Manual, and in accordance with applicable Federal and State laws as provided in Article XII of this Agreement. The failure of the Non-Federal Sponsor to prepare an Operation, Maintenance, Repair, Rehabilitation and Replacement Manual acceptable to the Government shall not relieve the Non-Federal Sponsor of its responsibilities for operation, maintenance, repair, rehabilitation, and replacement of the completed project, or any functional portion thereof, in accordance with the provisions of this Agreement.

F. The Government may perform periodic inspections to verify the progress of construction, shall perform a final inspection to verify the completion of construction of the entire Project or functional portion of the Project, and may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the period of construction. The Non-

Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor owns or controls for the purpose of performing such inspections. Any costs incurred by the Government in furtherance of this paragraph shall be included in total project costs and shared in accordance with the provisions of this Agreement.

G. Upon request by the Non-Federal Sponsor, the Government shall include in total project costs those reasonable costs incurred by, or on behalf of, the Non-Federal Sponsor for project design work that was completed by, or on behalf of, the Non-Federal Sponsor prior to the effective date of this Agreement, not to exceed 6 percent of the total construction costs of the Project and which have not been included in costs under any other agreement for the Project. Such costs shall be limited to the reasonable, allowable, allocable actual cost of project design work as determined by the District Engineer. Where the Non-Federal Sponsor's cost for completed project design work is expressed as fixed costs plus a percentage of construction costs, the Non-Federal Sponsor shall renegotiate such costs with its Architect-Engineer based on actual costs. On the effective date of this Agreement, the amount of costs for project design work completed prior to the effective date of this Agreement to be included in total project costs is estimated to be $0. This amount is an estimate subject to adjustment by the Government in its sole discretion. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the amount of costs to be included in total project costs for this project design work.

H. Subject to Article VII of this Agreement, the Government in accordance with Article VI.B. of this Agreement, shall contribute 75 percent of total project costs by, in part, reimbursing, subject to the availability of funds, the Non-Federal Sponsor for total project costs that are incurred by, or on behalf of, the Non-Federal Sponsor, including such total project costs that were paid with grants from State or local agencies.

I. Upon completion of the period of construction or termination of this Agreement, the Government shall perform a final accounting in accordance with Article VI.D. of this Agreement to determine the contributions provided by the Government and the Non-Federal Sponsor toward total project costs and to determine whether the Government and the Non-Federal Sponsor have met their obligations under paragraph H. of this Article.

J. The Non-Federal Sponsor shall establish such legal and institutional structures as are necessary to ensure the effective long-term operation of the Project.

K. The Non-Federal Sponsor and the Government, in consultation with appropriate Federal and State officials, shall develop a facilities or resource protection and development plan, including appropriate engineering plans and specifications.

ARTICLE III - LANDS, RELOCATIONS, DISPOSAL AREAS, AND PUBLIC LAW 91-646 COMPLIANCE

A. The Non-Federal Sponsor and the Government jointly shall determine the lands, easements, and rights-of-way required for the construction, operation, and maintenance of the Project, including those required for relocations, borrow materials, and dredged or excavated material disposal. Prior to issuance of the solicitation for each construction contract, the Non-Federal Sponsor shall acquire all such lands, easements, and rights-of-way necessary for that contract and certify in writing to the Government that said interests have been acquired.

B. The Non-Federal Sponsor and the Government jointly shall determine the improvements required on lands, easements, and rights-of-way to enable the disposal of dredged or excavated material associated with the construction, operation, and maintenance of the Project. Such improvements may include, but are not necessarily limited to, retaining dikes, wasteweirs, bulkheads, embankments, monitoring features, stilling basins, and de-watering pumps and pipes. Prior to the issuance of any solicitation for construction where the disposal of dredged or excavated material associated with the construction is anticipated, the Non-Federal Sponsor shall provide the Government with copies of all permits obtained for the disposal of dredged or excavated materials and with plans and specifications of such improvements in detail sufficient for the Government to review and comment in accordance with Article II.A.1. of this Agreement.

C. The Non-Federal Sponsor and the Government jointly shall determine the relocations necessary for the construction, operation, and maintenance of the Project, including those necessary to enable the removal of borrow materials and the disposal of dredged or excavated material. Prior to issuance of the solicitation for each construction contract, the Non-Federal Sponsor shall perform or ensure the performance of all such relocations necessary for that contract. The Non-Federal Sponsor shall be responsible for preparing or ensuring the preparation of plans and specifications for all relocations determined necessary.

D. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the value of any contribution provided pursuant to paragraphs A., B., or C. of this Article. Upon receipt of such documents the Government, in accordance with Article IV of this Agreement and in a timely manner, shall determine the value of such contribution and shall include such value in total project costs.

E. The Non-Federal Sponsor shall comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17), and the Uniform Regulations contained in 49 C.F.R. Part 24, and shall inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

ARTICLE IV - VALUE OF LANDS, RELOCATIONS, AND DISPOSAL AREAS

A. The Government shall include in total project costs the value of the lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas that the Government and the Non-Federal Sponsor jointly determine must be provided by the Non-Federal Sponsor pursuant to Article III of this Agreement and the value of the relocations that the Government and the Non-Federal Sponsor jointly determine must be performed by the Non-Federal Sponsor, or for which it must ensure performance, pursuant to Article III of this Agreement, not to exceed 25 percent of total project costs. However, the Government shall not include in total project costs the value of any lands, easements, rights-of-way, relocations, or borrow or dredged or excavated material disposal areas that have been provided previously as an item of cooperation for another Federal project. The Government also shall not include in total project costs the value of lands, easements, rights-of-way, relocations, or borrow and dredged or excavated material disposal areas that are provided using Federal program funds unless the Federal agency providing the Federal program funds verifies in writing that reimbursement for the value of such items is expressly authorized by statute.

B. The value of lands, easements, and rights-of-way, including those necessary for relocations, borrow materials, and dredged or excavated material disposal, shall be the appraised fair market value of the real property interests, plus certain incidental costs of acquiring those interests, as determined in accordance with the provisions of this paragraph.

1. Date of Valuation. The fair market value of lands, easements, or rights-of-way owned by the Non-Federal Sponsor on the effective date of this Agreement shall be the fair market value of such real property interests as of the date the Non-Federal Sponsor awards the first construction contract for the Project or, if the Non-Federal Sponsor performs the construction with its own labor, the date that the Non-Federal Sponsor begins construction of the Project. The fair market value of lands, easements, or rights-of-way acquired by the Non-Federal Sponsor after the effective date of this Agreement shall be the fair market value of such real property interests at the time the interests are acquired.

2. General Valuation Procedure. Except as provided in paragraph B.3. of this Article, the fair market value of lands, easements, or rights-of-way shall be the appraised fair market value as determined in accordance with paragraph B.2.a. of this Article, unless thereafter a different amount is determined to represent fair market value in accordance with paragraph B.2.b. or paragraph B.5. of this Article.

a. The Non-Federal Sponsor shall obtain, for each real property interest, an appraisal that is prepared by a qualified appraiser who is acceptable to the Non-Federal Sponsor and the Government. The appraisal must be prepared in accordance with the applicable rules of just compensation, as specified by the Government. The fair market value shall be the amount set forth in the Non-Federal Sponsor's appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's

appraisal, the Non-Federal Sponsor may obtain a second appraisal, and the fair market value shall be the amount set forth in the Non-Federal Sponsor's second appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's second appraisal, or the Non-Federal Sponsor chooses not to obtain a second appraisal, the Government shall obtain an appraisal, and the fair market value shall be the amount set forth in the Government's appraisal, if such appraisal is approved by the Non-Federal Sponsor. In the event the Non-Federal Sponsor does not approve the Government's appraisal, the Government, after consultation with the Non-Federal Sponsor, shall consider the Government's and the Non-Federal Sponsor's appraisals and determine an amount based thereon, which shall be deemed to be the fair market value.

b. Where the amount paid or proposed to be paid by the Non-Federal Sponsor for the real property interest exceeds the amount determined pursuant to paragraph B.2.a. of this Article, the Government, at the request of the Non-Federal Sponsor, shall consider all factors relevant to determining fair market value and, in its sole discretion, after consultation with the Non-Federal Sponsor, may approve in writing an amount greater than the amount determined pursuant to paragraph B.2.a. of this Article, but not to exceed the amount actually paid or proposed to be paid. If the Government approves such an amount, the fair market value shall be the lesser of the approved amount or the amount paid by the Non-Federal Sponsor, but no less than the amount determined pursuant to paragraph B.2.a. of this Article.

3. Eminent Domain Valuation Procedure. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted after the effective date of this Agreement, the Non-Federal Sponsor shall, prior to instituting such proceedings, submit to the Government notification in writing of its intent to institute such proceedings and an appraisal of the specific real property interests to be acquired in such proceedings. The Government shall have 60 calendar days after receipt of such a notice and appraisal within which to review the appraisal, if not already approved by the Government in writing.

a. If the Government already has approved the appraisal in writing, or if the Government provides written approval of, or takes no action on, the appraisal within such 60 calendar day period, the Non-Federal Sponsor shall use the amount set forth in such appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

b. If the Government provides written disapproval of the appraisal, including the reasons for disapproval, within such 60 calendar day period, the Government and the Non-Federal Sponsor shall consult in good faith to promptly resolve the issues or areas of disagreement that are identified in the Government's written disapproval. If, after such good faith consultation, the Government and the Non-Federal Sponsor agree as to an appropriate amount, then the Non-Federal Sponsor shall use that amount as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. If, after such good faith consultation, the Government and the Non-Federal Sponsor cannot agree as to an appropriate amount, then the

Non-Federal Sponsor may use the amount set forth in its appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

c. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted in accordance with paragraph B.3. of this Article, fair market value shall be either the amount of the court award for the real property interests taken, to the extent the Government determined such interests are required for the construction, operation, and maintenance of the Project, or the amount of any stipulated settlement or portion thereof that the Government approves in writing.

4. Incidental and Permit Costs. For lands, easements, or rights-of-way acquired by the Non-Federal Sponsor within a five-year period preceding the effective date of this Agreement, or at any time after the effective date of this Agreement, the value of the interest shall include the documented incidental costs of acquiring the interest, as determined by the Government, subject to an audit in accordance with Article XI of this Agreement to determine reasonableness, allowability, and allocability of costs. Such incidental costs shall include, but not necessarily be limited to, closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, and mapping costs, as well as the actual amounts expended for payment of any Public Law 91-646 relocation assistance benefits provided in accordance with Article III.E. of this Agreement. In addition, the Government shall include in total project costs all reasonable costs incurred by the Non-Federal Sponsor, as part of project design and construction work, that are associated with obtaining permits necessary for the construction, operation, and maintenance of the Project on publicly owned or controlled land subject to the 25 percent limitation contained in Article I.B. of this Agreement and subject to an audit in accordance with Article XI of this Agreement to determine reasonableness, allowability, and allocability of costs.

5. Waiver of Appraisal. Except as required by paragraph B.3. of this Article, the Government may waive the requirement for an appraisal for the purpose of determining the value of a real property interest for inclusion in total project costs if it determines that an appraisal is unnecessary because the valuation problem is uncomplicated and that the estimated fair market value of the real property interest is $10,000.00 or less based upon a review of available data. In such event, the Government and the Non-Federal Sponsor must agree in writing to the value of such real property interest in an amount not in excess of $10,000.00.

C. After consultation with the Non-Federal Sponsor, the Government shall determine the value of relocations in accordance with the provisions of this paragraph.

1. For a relocation other than a highway, the value shall be only that portion of relocation costs that the Government determines is necessary to provide a functionally equivalent facility, reduced by depreciation, as applicable, and by the salvage value of any removed items.

2. For a relocation of a highway, the value shall be only that portion of relocation costs that would be necessary to accomplish the relocation in accordance with the design

standard that the State of West Virginia would apply under similar conditions of geography and traffic load, reduced by the salvage value of any removed items.

3. Relocation costs shall include, but not necessarily be limited to, actual costs of performing the relocation; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with performance of the relocation, but shall not include any costs due to betterments, as determined by the Government, nor any additional cost of using new material when suitable used material is available. Relocation costs shall be subject to an audit in accordance with Article XI of this Agreement to determine reasonableness, allowability, and allocability of costs.

4. Inclusion of the value of relocations in total project costs is subject to satisfactory compliance with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)). Crediting may be withheld, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

D. The value of improvements made to lands, easements, and, rights-of-way for the disposal of dredged or excavated material shall be the costs of the improvements, as determined by the Government, subject to an audit in accordance with Article XI of this Agreement to determine reasonableness, allowability, and allocability of costs. Such costs shall include, but not necessarily be limited to, actual costs of providing the improvements; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with providing the improvements, but shall not include any costs due to betterments, as determined by the Government.

ARTICLE V - PROJECT COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 calendar days after the effective date of this Agreement, shall appoint named senior representatives to a Project Coordination Team. Thereafter, the Project Coordination Team shall meet regularly until the end of the period of construction. The Government's Project Manager and a counterpart named by the Non-Federal Sponsor shall co-chair the Project Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsor's counterpart shall keep the Project Coordination Team informed of the progress of construction and of significant pending issues and actions, and shall seek the views of the Project Coordination Team on matters that the Project Coordination Team generally oversees.

C. Until the end of the period of construction, the Project Coordination Team shall generally oversee the Project including issues related to design; plans and specifications; scheduling; real property and relocation requirements; real property acquisition; contract awards and modifications; contract costs; the application of and compliance with 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)) for relocations and for the construction portion of the non-Federal project design and construction work; the Government's cost projections; final inspection of the construction or functional portions of the Project; preparation of the proposed Operation, Maintenance, Repair, Replacement, and Rehabilitation Manual; anticipated requirements and needed capabilities for performance of operation, maintenance, repair, rehabilitation, and replacement of the Project; and other related matters.

D. The Project Coordination Team may make recommendations that it deems warranted to the Non-Federal Sponsor on matters that the Project Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Non-Federal Sponsor in good faith shall consider the recommendations of the Project Coordination Team. The Non-Federal Sponsor, having the legal authority and responsibility for construction of the Project, has the discretion to accept, reject, or modify the Project Coordination Team's recommendations. Except as otherwise provided in this Agreement, the Non-Federal Sponsor may not reject or modify the Project Coordination Team's recommendations when the purpose of such recommendations is to ensure that the Project complies with Federal, State, or local laws or regulations.

E. The costs of participation in the Project Coordination Team shall be included in total project costs, subject to Article VII of this Agreement, and shared in accordance with the provisions of this Agreement.

ARTICLE VI - METHOD OF PAYMENT

A. Based on data supplied by the Non-Federal Sponsor and the Government, the Government shall maintain current records of costs incurred by the parties, reimbursements made to the Non-Federal Sponsor, and current projections of total project costs. By September, 2005 and at least quarterly thereafter during the period of construction, the Government shall provide the Non-Federal Sponsor with a report setting forth costs incurred to date, each party's share of costs incurred to date, costs incurred by or on behalf of each party to date, reimbursements made to date in accordance with paragraph B.2. of this Article, and current projections of total project costs, of each party's share of total project costs, of total project costs incurred by or on behalf of each party, of total reimbursements, and of reimbursements in the upcoming fiscal year. On the effective date of this Agreement, total project costs are projected to be $1,770,000, the Government's share of total project costs is projected to be $1,327,500, the Non-Federal

Sponsor's share of total project costs is projected to be $442,500, total project costs to be incurred by the Government are projected to be $50,000, total project costs to be incurred by, or on behalf of, the Non-Federal Sponsor are projected to be $1,720,000, and total reimbursements in accordance with paragraph B.2. of this Article are projected to be $1,277,500. Such amounts are estimates subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

B. In accordance with the provisions of this paragraph, subject to the availability of funds and the limitations of Article VII of this Agreement, the Government shall contribute its share of total project costs required under Article II.H. of this Agreement as it incurs such costs or as such costs incurred by the Non-Federal Sponsor are determined.

1. Except as otherwise provided in Article IV of this Agreement, periodically, but not more frequently than once every 30 calendar days, the Non-Federal Sponsor shall provide the Government with a proper invoice for costs that it has incurred, or has been incurred on its behalf, and that are not included in a previous proper invoice. Each proper invoice shall identify those costs that were paid with, or will be paid with, Federal program funds and shall provide evidence of payment, obligation to contractors, and costs incurred by the Non-Federal Sponsor's own forces as may be required by the Government. In the event the Non-Federal Sponsor's cost for project design work is expressed as fixed costs plus a percentage of construction costs, the Non-Federal Sponsor shall renegotiate such costs with its Architect-Engineer based on actual costs prior to such costs being included in a proper invoice.

2. Not later than 14 calendar days after receipt of each proper invoice, the Government, in accordance with this paragraph, shall review the costs identified therein and, subject to Article VII of this Agreement, shall include such costs, in whole or in part, in total project costs. Thereupon, the Government shall determine costs incurred to date (including the value of lands, easements, rights-of-way, relocations, and suitable borrow and dredged or excavated material disposal areas determined in accordance with Article IV of this Agreement), each party's share of costs incurred to date, costs incurred by or on behalf of each party to date, and reimbursements previously made to date in accordance with this paragraph. To the extent that the Government determines that costs incurred by the Government to date plus reimbursements the Government previously has made to date in accordance with this paragraph are less than its required share of costs incurred to date, the Government, subject to the availability of funds and Article VII of this Agreement, shall partially reimburse those total project costs that were incurred by the Non-Federal Sponsor without using Federal program funds and that were not previously reimbursed by the Government.

3. Upon determining in accordance with paragraph B.2. of this Article that reimbursement is due the Non-Federal Sponsor, the Government, subject to the availability of funds and Article VII of this Agreement, shall make such payment within 14 calendar days. An interest penalty shall be credited to the Non-Federal Sponsor's account automatically by the designated payment office, without request from the Non-Federal Sponsor, if payment is not

made by the due date. The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date, except where the interest penalty is prescribed by other governmental authority. This rate is referred to as the "Renegotiation Board Interest Rate" and it is published in the Federal Register semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the proper invoice payment amount approved by the Government and shall be compounded in 30 calendar day increments inclusive from the first day after the due date through the payment date. That is, interest accrued at the end of any 30 calendar day period shall be added to the approved proper invoice payment amount and be subject to interest penalties if not paid in the succeeding 30 calendar day period. The interest penalty shall not accrue, nor be compounded, during suspension of the Government's performance or upon termination of this Agreement under Article XV of this Agreement.

C. In advance of the Government incurring any financial obligation associated with services under Article II.D. of this Agreement, the Government shall notify the Non-Federal Sponsor in writing of the amount of funds required to perform such services. Within 30 calendar days thereafter, the Non-Federal Sponsor shall provide the Government with the full amount of the funds required to pay for such services by delivering a check payable to "FAO, USAED, Huntington" to the District Engineer or providing an Electronic Funds Transfer in accordance with procedures established by the Government. The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government deems necessary to cover the Government's financial obligations for such services as they are incurred. In the event the Government determines that the Non-Federal Sponsor must provide additional funds to meet its cash contribution, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required and provide an explanation of why additional funds are required. Within 30 calendar days thereafter, the Non-Federal Sponsor shall provide the Government with the full amount of the additional required funds through either of the payment mechanisms specified above.

D. Upon completion of the Project or termination of this Agreement, and upon resolution of all relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with the results of the final accounting. The final accounting shall determine total project costs, the Government's and the Non-Federal Sponsor's total contribution provided thereto (including reimbursements), and the Government's and the Non-Federal Sponsor's required share thereof.

1. In the event the final accounting shows that the total contribution provided by the Government is less than its required share of total project costs, the Government shall, subject to the availability of funds and Article VII of this Agreement, no later than 90 calendar days after completion of final accounting, make a payment to the Non-Federal Sponsor of whatever sum is required to meet the Government's required share of total project costs.

2. In the event the final accounting shows that the total contribution provided by the Government exceeds its required share of total project costs, the Non-Federal Sponsor shall refund the excess to the Government no later than 90 calendar days after written notice by the Government that the final accounting is complete by delivering a check payable to "FAO, USAED, Huntington" to the District Engineer or providing an Electronic Funds Transfer in accordance with procedures established by the Government. In the event existing funds are not available to refund the excess to the Government, the Non-Federal Sponsor shall seek such funds as are necessary to make the refund. In the event that such funds are not made available within a reasonable amount of time, the Government may apply any amounts owed toward the Federal share of costs under any subsequent agreement with the Non-Federal Sponsor for any other project or separable element under the Section 340 Program and may use any other procedures permitted by law. The Non-Federal Sponsor shall be liable for interest in accordance with Article XV.D. of this Agreement to the extent that such refund takes longer than 90 calendar days after the final accounting is complete.

ARTICLE VII - LIMITATIONS ON TOTAL PROJECT COSTS AND REIMBURSEMENTS

A. Inclusion of costs in total project costs shall be subject to an audit pursuant to Article XI.C. of this Agreement to determine the reasonableness, allowability and allocability of such costs.

B. Costs incurred by, or on behalf of, the Non-Federal Sponsor using Federal program funds shall not be included in total project costs and shall not be shared in accordance with the provisions of this Agreement unless the Federal agency providing the Federal program funds verifies in writing that such expenditure of funds is expressly authorized by statute.

C. Except as provided in Article VI.B. of this Agreement, total project costs incurred by, or on behalf of, the Non-Federal Sponsor shall not be subject to interest charges and shall not be adjusted to reflect changes in price levels since the time that the costs were incurred.

D. Crediting and/or reimbursement is subject to satisfactory compliance with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)). Crediting and/or reimbursement may be withheld, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

E. As of the effective date of this Agreement, $20,191,000 of Federal funds have been appropriated by the Congress for the Section 340 Program, of which $1,327,500 is currently projected to be available for the Project. The Government makes no commitment to request the

Congress to appropriate additional Federal funds for the Section 340 Program or the Project. Further, the Government's financial participation in the Project is limited to the Federal funds that the Government actually makes available to the Project. In the event the Government determines that the amount of Federal funds the Government has made available to the Project in the then-current fiscal year, or the amount of Federal funds the Government projects will be available for the Project in the upcoming fiscal year, are not sufficient to meet the Federal share of total project costs and the Federal share of costs for data recovery activities in accordance with Article XIX.E. of this Agreement that the Government projects to be incurred through the then-current or upcoming fiscal year, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that Federal funds made available to the Project will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the Project, the Government's future performance under this Agreement shall be suspended. However, if paragraph F. of this Article prevents the Government from making available sufficient Federal funds to meet the Federal share of total project costs in the then-current fiscal year, then only the Government's performance related to reimbursement in accordance with Article VI.B. of this Agreement shall be suspended.

F. Reimbursement by the Government pursuant to this Agreement, in concert with reimbursements by the Government pursuant to agreements for other projects authorized by Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), shall be subject to the applicable limitations contained in Section 101 of the Energy and Water Development Appropriations Act, 2005 (Public Law 108-447).

ARTICLE VIII - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. The parties shall each pay 50 percent of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE IX - OPERATION, MAINTENANCE, REPAIR, REHABILITATION AND REPLACEMENT (OMRR&R)

Upon completion of construction and final inspection by the Government in accordance with Article II.F. of this Agreement, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the entire Project or the functional portion of the Project, at no cost to the Government, in a manner compatible with the Project's design and its Operation,

Maintenance, Repair, Rehabilitation and Replacement Manual, and in accordance with applicable Federal and State laws as provided in Article XII of this Agreement. As between the Government and the Non-Federal Sponsor, the Government shall have no responsibility to operate, maintain, repair, rehabilitate, or replace the Project or functional portion of the Project.

ARTICLE X – HOLD AND SAVE

The Non-Federal Sponsor shall hold and save the Government free from all damages arising from the design, construction, operation, maintenance, repair, rehabilitation and replacement of the Project, and any Project-related betterments, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE XI - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsor shall develop procedures for keeping books, records, documents, and other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsor shall maintain such books, records, documents, and other evidence pertaining to construction in accordance with these procedures and for a minimum of three years after the period of construction and resolution of all relevant claims arising therefrom. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsor shall each allow the other to inspect such books, documents, records, and other evidence.

B. Pursuant to 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act of 1984, 31 U.S.C. Sections 7501-7507, as implemented by Office of Management and Budget (OMB) Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsor and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsor and independent auditors any information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the Project shall be included in total project costs, subject to Article VII of this Agreement, and shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. Section 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsor is required to conduct under the Single Audit

Act. Any such Government audits shall be conducted in accordance with Government Auditing Standards and the cost principles in OMB Circular No. A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in total projects costs and shared in accordance with the provisions of this Agreement.

ARTICLE XII - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government agree to comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d) and Department of Defense Directive 5500.11 issued pursuant thereto; Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army"; and all applicable Federal labor standards requirements including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)).

ARTICLE XIII - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other.

B. In the exercise of its rights and obligations under this Agreement, neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights such other party may have to seek relief or redress against such contractor either pursuant to any cause of action that such other party may have or for violation of any law.

ARTICLE XIV - OFFICIALS NOT TO BENEFIT

No member of or delegate to the Congress, nor any resident commissioner, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom.

ARTICLE XV - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under Articles II and XIX.F. of this Agreement, the Assistant Secretary of the Army (Civil Works) may terminate this Agreement or suspend future performance under this Agreement.

B. In the event the Government's future performance under this Agreement is suspended pursuant to Article VII.E. of this Agreement such suspension shall remain in effect until such time that the Government notifies the Non-Federal Sponsor in writing that sufficient Federal funds are available to meet the Federal share of total project costs and the Federal share of costs for data recovery activities in accordance with Article XIX.E. of this Agreement that the Government projects to be incurred through the then-current or upcoming fiscal year; or the Government or the Non-Federal Sponsor elects to terminate this Agreement. In the event that the Government suspends future performance under this Agreement in accordance with Article XVI.C. of this Agreement due to failure to reach agreement with the Non-Federal Sponsor on whether to proceed or to terminate this Agreement, or the failure of the Non-Federal Sponsor to provide funds to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under Article XVI.C. of this Agreement, such suspension shall remain in effect until: the Government and Non-Federal Sponsor reach agreement on how to proceed or to terminate this Agreement; the Non-Federal Sponsor provides funds necessary to pay for cleanup and response costs and otherwise discharges its responsibilities under Article XVI.C. of this Agreement; or the Government terminates this Agreement in accordance with the provisions of Article XVI.C. of this Agreement.

C. In the event that either party elects to terminate this Agreement pursuant to this Article or Article XVI of this Agreement, both parties shall conclude their activities relating to the Project and proceed to a final accounting in accordance with Article VI.D. of this Agreement.

D. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article or Article XVI of this Agreement shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment owed by the Non-Federal Sponsor to the Government shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13-week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3-month period if the period of delinquency exceeds 3 months.

ARTICLE XVI - HAZARDOUS SUBSTANCES

A. After execution of this Agreement and upon direction by the Government, the Non-Federal Sponsor shall perform, or cause to be performed, any investigations for hazardous substances that the Government or the Non-Federal Sponsor determines to be necessary to

identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter "CERCLA"), 42 U.S.C. Sections 9601-9675, that may exist in, on, or under lands, easements, and rights-of-way that the Non-Federal Sponsor and the Government determine, pursuant to Article III of this Agreement, to be required for the construction, operation, and maintenance of the Project. However, for lands that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigations unless the Government provides the Non-Federal Sponsor with prior specific written direction, in which case the Non-Federal Sponsor shall perform such investigations in accordance with such written direction. All actual costs incurred by, or on behalf of, the Non-Federal Sponsor and by the Government for such investigations for hazardous substances shall be included in total project costs, subject to Article VII of this Agreement, and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article XI of this Agreement to determine reasonableness, allowability, and allocability of costs.

B. In the event it is discovered through any investigation for hazardous substances or other means that hazardous substances regulated under CERCLA exist in, on, or under any lands, easements, or rights-of-way that the Non-Federal Sponsor and the Government determine, pursuant to Article III of this Agreement, to be required for the construction, operation, and maintenance of the Project, the Non-Federal Sponsor and the Government shall provide prompt written notice to each other, and the Non-Federal Sponsor shall not proceed with the acquisition of the real property interests until both parties agree that the Non-Federal Sponsor should proceed.

C. The Government and the Non-Federal Sponsor shall determine whether to initiate construction of the Project, or, if already in construction, whether to continue with work on the Project, suspend future performance under this Agreement, or terminate this Agreement for the convenience of the Government, in any case where hazardous substances regulated under CERCLA are found to exist in, on, or under any lands, easements, or rights-of-way that the Non-Federal Sponsor and the Government determine, pursuant to Article III of this Agreement, to be required for the construction, operation, and maintenance of the Project. Should the Government and the Non-Federal Sponsor determine to initiate construction or continue with construction after considering any liability that may arise under CERCLA, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for the costs of cleanup and response, to include the costs of any studies and investigations necessary to determine an appropriate response to the contamination. Such costs shall not be considered a part of total project costs. In the event the Non-Federal Sponsor does not reach agreement with the Government on whether to proceed or to terminate this Agreement under this paragraph, or fails to provide any funds necessary to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under this paragraph upon direction by the Government, the Government, in its sole discretion, may either terminate this Agreement for the convenience of the Government or suspend its future performance under this Agreement, including reimbursement pursuant to Article II.H. of this Agreement.

D. The Non-Federal Sponsor and the Government shall consult with each other in accordance with Article V of this Agreement in an effort to ensure that responsible parties bear any necessary cleanup and response costs as defined in CERCLA. Any decision made pursuant to paragraph C. of this Article shall not relieve any third party from any liability that may arise under CERCLA.

E. As between the Government and the Non-Federal Sponsor, the Non-Federal Sponsor shall be considered the operator of the Project for purposes of CERCLA liability. To the maximum extent practicable, the Non-Federal Sponsor shall operate, maintain, repair, replace, and rehabilitate the Project in a manner that will not cause liability to arise under CERCLA.

ARTICLE XVII - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and either delivered personally or by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor:
Mayor
City of Mount Hope
108 Raleigh Avenue
Mount Hope, West Virginia 25880

If to the Government:
District Engineer
Huntington District
Corps of Engineers
502 Eighth Street
Huntington, WV 25701-2070

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

ARTICLE XVIII - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XIX - HISTORIC PRESERVATION

A. The Government shall be responsible for compliance with Section 106 of the National Historic Preservation Act (16 U.S.C. 470 et seq.) for all lands required for, or affected by, the Undertaking, as defined by 16 U.S.C. 470w(7). Prior to initiation of construction, the Non-Federal Sponsor shall perform all necessary cultural resource studies, and the Government shall make all determinations and consultation in a manner consistent with 36 Code of Federal Regulations (CFR) Part 800, "Protection of Historic Properties", the Secretary of the Interior's Standards and Guidelines for Identification (48 Federal Register 44720-23), the National Park Service's publications, The Archaeological Survey: Methods and Uses (1978) and Identification of Historic Properties (1988), and the applicable guidelines of the State Historic Preservation Officer (hereinafter the "SHPO"). The Non-Federal Sponsor shall ensure that its studies are conducted by qualified archaeologists, historians, architectural historians and/or historic architects, as appropriate, who meet, at minimum, the Secretary of the Interior's Professional Qualifications Standards (48 Federal Register 44738-39). The Non-Federal Sponsor shall submit study plans and reports to the Government for review and approval and shall be responsible for resolving any deficiencies. In the event that significant archeological or historical properties will be adversely affected, the Non-Federal Sponsor shall formulate a mitigation plan in consultation with the Government and any other parties involved in the development of a Section 106 Memorandum of Agreement (hereinafter the "MOA"). The Non-Federal Sponsor shall be responsible for implementing the mitigation contained in a signed MOA prior to the initiation of any construction activities affecting historic properties.

B. The Non-Federal Sponsor's responsibilities under this Article are limited to those historic properties within the Undertaking's area of potential effect, as defined by 36 CFR 800.16(d). Any betterments not affecting historic properties and constructed by the Non-Federal Sponsor without Federal funds are not considered to be subject to the provisions of this Article.

C. The Non-Federal Sponsor shall include provisions in all construction contracts for the protection of cultural resources discovered during construction. These provisions shall include, at a minimum, the cessation of work in the immediate area of a discovered cultural resource until the situation is properly evaluated, the immediate verbal and written notification of the Non-Federal Sponsor and Government, and consultation between the Non-Federal Sponsor, the Government, and the SHPO on appropriate measures to evaluate and treat the resource. Where the Non-Federal Sponsor elects to perform the construction work with its own forces, the same procedures shall be followed.

D. The costs of identification, survey and evaluation of historic properties shall be included in total project costs, subject to Article VII of this Agreement, and shared in accordance with the provisions of this Agreement.

E. As specified in Section 7(a) of Public Law 93-291 (16 U.S.C. 469c(a)), the costs of archeological data recovery activities associated with historic preservation shall be borne entirely by the Government and shall not be included in total project costs up to the statutory limit of one percent of the total amount the Government is authorized to expend for the Project.

F. The Government shall not incur costs for archeological data recovery that exceed the statutory one percent limit specified in paragraph E. of this Article unless and until the Assistant Secretary of the Army (Civil Works) has waived (and the Secretary of the Interior has concurred in the waiver) that limit in accordance with Section 208(3) of Public Law 96-515 (16 U.S.C. 469c-2(3)). Any costs of archeological data recovery that exceed the one percent limit shall be included in total project costs, subject to Article VII of this Agreement, and shared in accordance with the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Engineer.

THE DEPARTMENT OF THE ARMY

BY: _____

WILLIAM E. BULEN
Colonel, Corps of Engineers
District Engineer

DATE: 9/26/05

THE CITY OF MOUNT HOPE,
WEST VIRGINIA

BY: _____

MICHAEL MARTIN,
Mayor

DATE: 9/23/05

CERTIFICATE OF AUTHORITY

I, John Shumate, do hereby certify that I am the principal legal officer of the City of Mount Hope, West Virginia, that the City of Mount Hope, West Virginia is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the City of Mount Hope, West Virginia in connection with the Kilsyth Sewer Extension/Plant Upgrade Project in and around the Communities of Kilsyth and Price Hill in Fayette County, West Virginia, and to pay damages in accordance with the terms of this Agreement, if necessary, in the event of the failure to perform, and that the persons who have executed this Agreement on behalf of the City of Mount Hope, West Virginia have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this 23rd day of September 2005

John Shumate, Esq.
City Attorney
City of Mount Hope, West Virginia

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Hon. Michael Martin,
Mayor, City of Mount Hope

DATE: 9/23/05

APPALACHIAN REGIONAL COMMISSION

A Proud Past, A New Vision

CO-CHAIRS' COMMITTEE MEMORANDUM

To: ARC Co-Chair Committee

Subject: Mount Hope/Kilsyth Sewage Improvements, WV
CO-15484-214

Grantee: Mount Hope, City of

County: At Risk: Fayette
Transitional: Raleigh

Basic Agency: Corps of Engineers

Goal: ARC Goal 3, Objective 2.

Purpose: To protect water quality and improve living conditions by extending sewer service and upgrading the Mount Hope waste treatment facility.

Funding:

ARC	$ 700,000 (SP)	18%
Other Federal	1,067,000	28%
State	1,825,000	48%
Local	250,000	7%
Total	$ 3,842,000	100%

Other Federal: USACE 340 Program. State=CDBG $1,500,000; DEP Stream Restoration $325,000. Local=SRF loan. Note ARC funds are from the 2006 Special Projects allocation.

Description

The City of Mount Hope has requested assistance for a project to extend sewer service to the Kilsyth and Price Hill neighborhoods, and to upgrade the city's sewage treatment plant. Homes and businesses in these areas use septic tanks or straightpipes to dispose of sewage. The discharge of untreated waste has degraded the quality of Dunloup Creek, which in turn discharges into the New River. The project will include nearly five miles of sewer line, and various improvements to the treatment plant.

Rationale/Benefits:

- Homes and businesses in the Kilsyth and Price Hill areas have no wastewater treatment facilities, or they depend on septic systems that are ineffective. As a result, raw sewage is being discharged into Dunloup Creek. The creek empties into the New River Gorge just downstream of a major whitewater put-in. Since the whitewater industry is a significant economic driver for Fayette County and southern West Virginia, steps must be taken to improve water quality and protect the public health.
- Mount Hope's treatment plant (which also discharges to Dunloup Creek) has the capacity to serve new customers, but it requires upgrades to provide sufficient treatment and to maintain compliance with water quality standards.

Mt. Hope/Kilsyth Sewage Improvements, WV
CO-15484-214

- Extending sewer lines to the Kilsyth and Price Hill areas will improve living conditions for families, and eliminate public health hazards posed by the discharge of untreated sewage. Improving water quality in Dunlops Creek and the New River will support the whitewater industry, which relies on clean water and safe rafting conditions.

Performance Measurements:

Outputs:

- Project includes 5 miles (27,260 LF) of sewer line and upgrades to the existing Mount Hope sewage treatment plant.

Outcomes:

- Facilities will serve 151 new customers including 145 homes and 6 businesses. Six of the 145 homes are located in Raleigh County.

This approval will authorize the execution of an Interagency Support Agreement with the US Army Corps of Engineers, Huntington District.

This project will have a primary impact on distressed areas. The project is consistent with the ARC Act and Code and is recommended for funding.

RECOMMENDED:

Thomas M. Hunter
Executive Director

9.15.06
Date Approved

APPROVED:

Anne B. Pope
Federal Co-Chair

Ernie L. Fletcher, Governor of Kentucky
States' Co-Chair

Division of Water and Waste Management
414 Summers Street
Charleston, WV 25301
Telephone (304) 558-2107
Fax Number (304) 558-5905

West Virginia Department of Environmental Protection

Bob Wise
Governor

Stephanie R. Timmermeyer
Cabinet Secretary

January 22, 2004

RECEIVED
FEB 20 2004
Region 4 Planning & Development Council

Honorable Michael Martin
Mayor, City of Mount Hope
108 Raleigh Avenue
Mount Hope, West Virginia 25880

RE: City of Mount Hope
Stream Restoration Grant
SRF No. C-544390

Dear Mayor Martin:

This letter is to confirm our intention of providing a portion of the funding through the West Virginia Department of Environmental Protection's (WVDEP) Stream Restoration Fund for the City's Kilsyth Sewage Treatment Project ("project"). The Grant proceeds will be used for the construction of wastewater treatment lines to provide service to the citizens in and around Dunloup Creek and upgrades to the wastewater treatment plant. WVDEP's total financial participation for this project, from the Stream Restoration Fund, will be $325,000.

This estimated amount of $ 245,000 for construction ($325,000 total), $1,500,000 from the WV Development Office in the form of a Small City Block Grant, $1,575,000 ACOE Section 340 grant, and $ 241,875 SRF loan reflects a total project cost of $ 3,641,875.

Should you have any questions, please do not hesitate to contact Katheryn Emery at 304-558-0633.

Sincerely,

Allyn G. Turner
Director

cc: Ms. Sherry Arthur, ACOE
Mr. John Tuggle, P. E., Pentree, Inc.
Ms. Alice King, Region 4 Planning & Development Council
Ms. Kathy Emery, P. E., DEP
Mr. Patrick Campbell, DEP

AGREEMENT

This agreement is made as of the 14th day of December 2004, by and among the West Virginia Department of Environmental Protection ("DEP") and the City of Mt. Hope ("Mt Hope" or "City") related to the construction of certain wastewater treatment improvement projects. This agreement is intended to set forth the responsibilities of the parties related to the construction of wastewater treatment lines and for the upgrade of a certain sewage treatment plant described more fully below.

WHEREAS, untreated wastewater now enters into Dunloup Creek, Fayette County, West Virginia, waters of the state, from unsewered areas in and around the City; and

WHEREAS, untreated wastewater discharging into Dunloup Creek constitutes a clear and potential danger to the health and welfare of the citizens in and around the City and Dunloup Creek and the environment, and

WHEREAS, the City wishes to begin the construction of wastewater treatment lines and provide service to citizens in and around Dunloup Creek, and upgrade its wastewater treatment plant (the project in its entirety shall be referred to herein as "Kilsyth Sewage Treatment Project" or "project"; and

WHEREAS, the City requires funding for a portion of the costs associated with the project; and

WHEREAS, the City agrees to obtain the necessary local, state, and

Federal, permits, licenses and approvals to construct, operate and maintain the project, and obtain any and all further funding necessary beyond the amounts set forth in this agreement; and

WHEREAS, the undersigned parties agree that the construction of the project is vital to the future health, safety and growth of the City and the area in and around Dunloup Creek; and

WHEREAS, DEP operates the "Stream Restoration Fund" which provides DEP with the authority and duty to award monies to eligible entities; and

WHEREAS, the undersigned parties wish to assure funding for the construction of the project in a timely manner; and

WHEREAS, the undersigned parties hereby acknowledge that performance of the terms and conditions of this Agreement is prefaced upon the availability of funds by the DEP.

NOW, THEREFORE, for and in consideration of the mutual benefits and the covenants made by the parties hereto, the sufficiency of which is hereby acknowledged, the undersigned agree as follows:

1. Upon execution of this Agreement, the DEP shall provide two-hundred forty-five thousand dollars ($245,000.00) from the "Stream Restoration Fund" ("fund") to the City, upon submission of proper construction invoices after award of construction contracts, provided that said monies are available in the fund at the time of the request.

2. Monies obtained from the fund through DEP shall be returned thereto should the City fail to obtain the necessary local, state, and federal funding, licenses, permits, approvals, or fail to take any other action necessary to assure the completion of the project.

3. Monies obtained from the "Stream Restoration Fund" shall be used only for the construction of the project as defined in this Agreement. Use of funds for any other purpose is not permitted and shall constitute noncompliance with this Agreement.

4. The parties to this Agreement agree that its terms and conditions constitute the entire agreement among the parties.

5. The undersigned parties have reviewed the terms and conditions of this Agreement and have had an opportunity to allow counsel for the undersigned parties to do the same, and enter said Agreement freely and with full knowledge of its contents and meaning.

6. This Agreement shall be binding upon and inure to the benefit of the undersigned parties and their respective officers, directors, agents, employees, successors, assigns, and legal representatives.

7. This Agreement may be signed in counterparts with the understanding that when signatures of all the parties have been obtained and attached together, the document shall be binding on all parts.

8. Each party to this Agreement shall be responsible for their own attorney's fees, cost, and expenses related to the Agreement.

9. The parties agree that either party may terminate the Agreement for noncompliance with its terms and conditions by providing the other with a minimum

ninety day written notice using certified mail.

10. The parties agree that enforcement of the terms and conditions of this Agreement shall be had by the filing of a civil action in the Kanawha County Circuit Court, Kanawha County, West Virginia.

CITY OF MT. HOPE

By: Michael Martin

Its: Mayor

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: Stephanie R. Timmermeyer

Its: Secretary

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

BOB WISE
GOVERNOR

October 29, 2003

The Honorable Michael Martin
Mayor
City of Mount Hope
609 Main Street
Mount Hope, West Virginia 25880

Dear Mayor Martin:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of $1,500,000. These funds will enable you to extend public sewer service to the Kilsyth/Price area of Fayette County.

In order to effectively use the limited dollars available, I hereby commit $500,000 from our fiscal year 2003 allocation that will immediately be available to you. The remaining $1,000,000 necessary to complete this project will be evaluated and committed in the coming year. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

Please contact Mr. Michael P. Browning of the West Virginia Development Office, at (304) 558-4010, to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of the City of Mount Hope.

Very truly yours,

Bob Wise

BW:mbs

WEST VIRGINIA DEVELOPMENT OFFICE
GRANT AWARD

	Grant Number: 04-348
CFDA Number: 14.228	**State Acct. No.:** 8746-2004-0307-096-128
Fiscal Year: 2004	**Program Name:** SCBG

Grantee Name & Address:

City of Mount Hope
609 Main Street
Mount Hope, WV 25880

F.E.I.N. 556-000-219

Grant Period:
From: October 29, 2003
To: October 29, 2006

Project Name: Kilsyth/Price Sewer

Grant ID: B-03-DC-54-0001

Project Number: 03SCBG0065X

Project Description

Shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to assist the City of Mount Hope to provide a sewer line extension to the Kilsyth/Price hills areas.

Change Orders

Number:	Date:	Purpose:

TERMS AND CONDITIONS ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____, PROCESSED ON OR ABOUT _____.
PAYMENT NUMBER _____.

TOTAL AMOUNT OF THIS GRANT $500,000.00

Authorized Signature: _____

Title: Executive Director

Date: 1/6/2005

Submitted By: Michael Browning

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

RECEIVED
AUG 30 2004
Region 4 Planning & Development Council

BOB WISE
GOVERNOR

August 23, 2004

The Honorable Michael Martin
Mayor
City of Mount Hope
108 Raleigh Avenue
Mount Hope, West Virginia 25880

Dear Mayor Martin:

On October 29, 2003, the City of Mount Hope received a commitment of $1,500,000 in Small Cities Block Grant funds for Kilsyth Sewer Extension.

The SCBG award was based upon your immediate need for funds; and, therefore, only $500,000 was made available from the FY2003 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the City of Mount Hope's ability to proceed with this worthwhile project, I am committing the remaining $1,000,000 from the FY2004 Small Cities allocation. Your existing SCBG contract will be amended to include the additional funds.

The West Virginia Development Office reserves the ability to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to work with you to make this improvement a reality for the citizens of the City of Mount Hope.

Very truly yours,

Bob Wise
Governor

BW:mbm

® GCIU 326-C

STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE
NOTICE OF GRANT AWARD CHANGE

Fiscal Year	Date	State Account #	Agreement Date	Grant Number
2005	9/1/2004	8746-2005-0307-096-128	1/6/2004	04-348

Grantee Name & Address	F.E.I.N.	Purpose of Change:
City of Mount Hope 609 Main Street Mount Hope, WV 25880	556-000-219	Additional Funds

Program Name:	SCBG
Project Name:	Kilsyth/Price Sewer
Grant ID:	B03DC540001, and B04DC540001
Project Number:	03SCBG0065X

Description of Change

Change Order # 1

RECEIVED
SEP 13 2004
Region 4 Planning & Development Council

Justification for Change		
Additional funds needed to complete project.	Previous Total	$500,000.00
	Increase	$1,000,000.00
	Decrease	
	New Total	$1,500,000.00

ERMS AND CONDITIONS OF ORIGINAL AGREEMENT
RE ON FILE IN THE WEST VIRGINIA DEVELOPMENT
FFICE AND AVAILABLE FOR INSPECTION. A COPY
F THE ORIGINAL AGREEMENT IS ATTACHED TO
RANSMITTAL_____.
ROCESSED ON OR ABOUT_____.
AYMENT #_____.

Approved Debra Riggs
Executive Director

Submitted By

9/3/04
Date

CLOSING MEMORANDUM

To: **Rosalie Brodersen**
Barbara Meadows
Sara Boardman
Samme Gee

From: **Ryan White**

Date: **November 28, 2007**

Re: **City of Mount Hope Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program)**

1. DISBURSEMENTS TO CITY

A.

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2007 A Bonds Proceeds
Amount:	$32,330.00
Date:	November 28, 2007
Form:	Check
Payee:	City of Mount Hope
Bank:	Bank of Mount Hope
Account:	Series 2007 A Bonds Construction Trust Fund

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

November 28, 2007

City of Mount Hope
Mount Hope, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: City of Mount Hope
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2007 A (West Virginia SRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the City of Mount Hope ("the Issuer"), a municipal corporation, in connection with the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a bond purchase agreement for the Bonds, dated November 1, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are issued in the principal amount of $646,600, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2009, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Bonds as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly passed by the Issuer on July 10, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 13, 2007 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and in the Loan Agreement when used herein.

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

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

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

4. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

7. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

Jackson Kelly PLLC

John H. Shumate, Jr.
Attorney at Law
P.O. Drawer 231 - 526 Main Street
Mount Hope, West Virginia 25880

November 28, 2007

Telephone: (304) 877-5516
Fax: (304) 877-6055
State Bar No. 3392

City of Mount Hope
Mount Hope, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: City of Mount Hope
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2007 A (West Virginia SRF Program)

Ladies and Gentlemen:

I am counsel to the City of Mount Hope in Fayette County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Jackson Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), a bond purchase agreement for the Bonds, dated November 1, 2007, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), a Bond Ordinance duly passed by the Issuer on July 10, 2007, as supplemented by a Supplemental Resolution duly adopted by the Issuer on November 13, 2007 (collectively, the "Ordinance"), and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Ordinance when used herein.

I am of the opinion that:

1. The Issuer is a duly created and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System and to enact the Ordinance, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the DEP and the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Mayor, Recorder and members 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.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach or default under any ordinance, resolution, order, agreement, document or instrument 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. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite permits, orders, consents, certificates and approvals from the DEP, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia (the "PSC"), and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received a Recommended Decision dated November 1, 2006, which became the Final Order of the Commission on November 21, 2006, and the Recommended Decision dated November 1, 2007, which became the Final Order of the Commission on November 7, 2007, in Case No. 06-0826-S-N, which among other things, granted to the Issuer a certificate of public convenience and necessity for the Project and approved the financing for the Project. The time for appeal of the Final Order entered November 21, 2006, and November 7, 2007, respectively, has expired prior to the date hereof without any appeal having been filed. Such orders are in full force and effect.

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

and construction of the Project, the operation of the System, or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

John H. Shumate, Jr.
Attorney at Law

JHS/lmm

John H. Shumate, Jr.
Attorney at Law
P.O. Drawer 231 - 526 Main Street
Mount Hope, West Virginia 25880

November 28, 2007

Telephone: (304) 877-5516
Fax: (304) 877-6055
State Bar No. 3392

City of Mount Hope
Mount Hope, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Re: Final Title Opinion for the City of Mount Hope

Ladies and Gentlemen:

I am counsel to the City of Mount Hope (the "Issuer") in connection with a proposed project to construct certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and presently existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

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

3. I have investigated and ascertained the location of, and I am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for

the Project as set forth in the plans for the Project prepared by Pentree, Incorporated, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Fayette County, West Virginia, and the Office of the Clerk of the County Commission of Raleigh County, West Virginia, the counties in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or has initiated legal action to obtain immediate right of entry in the Circuit Court of Fayette County, West Virginia, and the Circuit Court of Raleigh County, West Virginia, or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Fayette County, West Virginia, and the Office of the Clerk of the County Commission of Raleigh County, West Virginia, and all legal actions have been initiated in the Circuit Court of Fayette County, West Virginia, and the Circuit Court of Raleigh County, West Virginia, to protect the legal title to and interest of the Issuer.

Very truly yours,

John H. Shumate, Jr.
Attorney at Law

JHS/lmm